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ABSTRACT

This report updates the interim Virginia Employment Services Program (ESP) participation patterns and examines program success in mandating job search participation. Following an introductory chapter, chapter 2 discusses research design, sample, and data sources. (The sample contained 1,287 Work Incentive Program applicants and 1,897 recipients.) Chapter 3 discusses the nature of ESP activities and extent of enrollee participation. It analyzes cumulative participation patterns, presents a detailed assessment of program success in reaching its targeted caseload, describes activities in which enrollees participated, considers participation of important subgroups within the target population, and examines participation patterns over time. Chapter 4 describes short- and longer-term impacts. It shows modest gains in employment for the experimental group in the short run and employment impacts for the full sample almost entirely from stronger gains for applicants, not recipients. Applicants in particular show longer-term program effects that continue the story of the full sample's short-term gains. Chapter 5 analyzes ESP costs and benefits. It indicates that ESP enrollees, and applicants in particular, had increased earnings that exceeded their increased tax payments as well as their losses in welfare and in payments from other transfer programs. Benefits to the government budget are also shown. Supplementary tables are appended. (YLB)

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# FINAL REPORT ON THE VIRGINIA EMPLOYMENT SERVICES PROGRAM

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The Authors

# PREFACE

This is the second and final report on the Employment Services Program (ESP) in Virginia, a statewide initiative intended to improve the employment prospects of people receiving public assistance. The ESP study is part of MDRC's larger multi-state Demonstration of State Work/Welfare Initiatives. Other states in this project include Arkansas, California, Illinois, Maine, Maryland, New Jersey, and West Virginia.

The Demonstration of State Work/Welfare Initiatives has been a unique opportunity for MDRC to work closely with a number of states to evaluate their employment programs. At the same time, MDRC has been able to examine a subject of national as well as state concern: the critical relationship between work and welfare dependency. Addressing state issues in a manner that benefits policy at many levels is a challenge that MDRC has been privileged to undertake.

This demonstration also documents an important shift in program responsibility away from the federal government to the states. The studies evaluate the initiatives states themselves chose to implement under the provisions of the Omnibus Budget Reconciliation Act of 1981, in which they received authority for the first time to operate Community Work Experience Programs (CWEP) for recipients of Aid to Families with Dependent Children (AFDC) and to streamline the administration of their Work Incentive (WIN) systems. Because states responded to these options in different ways, the demonstration is not built around a single model. Rather, the initiatives represent some of the major variations being tried in this country and span a range of local economic conditions and AFDC program provisions.

Most states receive two research reports over the course of the demonstration. The first report for Virginia covered issues of implementation and early participation. This second and final report updates that information and presents the impacts of ESP services on enrollees' employment and welfare receipt as well as the costs and benefits of the program.

MDRC could not have conducted this demonstration without the support of The Ford Foundation, which provided funds for the planning stage and for the evaluation activities of the participating states, matching an equal investment of state or other local resources. This joint funding relationship is another significant aspect of the demonstration.

Throughout the course of the Demonstration of State Work/Welfare Initiatives, MDRC has been gratified by the sustained commitment of the participating states and foundations and their interest in the findings. It is our hope that the process and results of this demonstration have contributed to informed decision-making and will ultimately lead to the development and operation of even more effective programs designed to increase the self-sufficiency of welfare recipients.

Barbara B. Blum
President

# EXECUTIVE SUMMARY

This is the second and final report on an evaluation of the Commonwealth of Virginia's Employment Services Program (ESP), a statewide initiative designed to improve the employment prospects of individuals applying for or receiving welfare under the Aid to Families with Dependent Children (AFDC) program. The multi-component ESP has as its principal focus job search assistance -- sometimes group, but primarily individual -- followed by work experience, education or training. Job search is required of all enrollees at program entry and periodically thereafter. Services following job search are not universally mandatory.

This evaluation of the program was conducted between August 1983 and August of this year by the Manpower Demonstration Research Corporation (MDRC) under a contract from the state's welfare agency, the Department of Social Services (DSS). Because Virginia's AFDC system is state-supervised, but locally administered, the state's 124 local welfare agencies have been responsible for the operations of ESP. Eleven agencies participated in the research, and they were considered roughly representative of the agencies statewide.

While all 11 local agencies successfully implemented the job search requirement for the female WIN-mandatory population targeted, participation in post-job-search services was more limited, partly because of resource constraints. Agencies themselves could not easily operate educational or training components, so they mostly referred enrollees to existing vocational and school programs, in which other residents of the community

could enroll.

Overall, the study found that ESP led to modest employment gains and welfare savings. This was particularly true for the women who came into the program at the time they were applying for welfare (i.e., the welfare applicant group in the research), for whom program effects, or impacts, tended to increase over an 18-month follow-up period. However, it was not yet clear if these impacts would continue to grow over time, stabilize or decline. For the recipient group -- or women already receiving welfare at program entry -- immediate improvements in employment and welfare savings were short-lived. The program, in addition, did not reduce the size of the caseload for either group; there was no increase in case closings.

In weighing the economic benefits and costs of ESP, the results were generally positive. Over a five-year period (which includes both observed and extrapolated estimates) women assigned to the program, and applicants in particular, were better off as a result of the program to the extent that their increased earnings and fringe benefits exceeded their increased tax payments and losses in welfare and payments from other transfer programs. The government budget also benefited. Over the same five-year period, the estimated increase in tax revenues and savings from welfare and other programs exceeded the costs of ESP services for the applicant group. For the recipient group, budget savings and program costs were roughly equal.

The magnitude of the findings in Virginia fall within the range of the results found in studies of other programs included in MDRC's Demonstration of State Work/Welfare Initiatives, of which Virginia is part. This demonstration is a large-scale multi-year study of a variety of employment initiatives for the welfare population developed by 11 states. Although the treatments and characteristics of the target population vary in each state, the studies to date have found modest employment gains in all states and welfare savings in some.

The results in Virginia deserve special attention because the state chose to target all of its WIN-mandatory caseload, including new applicants and the longer-term, more dependent recipient group. (Those classified WIN-mandatory are usually parents of school-age children and are thus required to register for program services. The WIN-mandatory caseload in Virginia is about one-third of the total AFDC welfare caseload.) State resources are thus spread over a broad section of the welfare population, not just the applicants or the small group of newly determined mandatory recipients, the target populations of some of the other state programs in the MDRC demonstration.

Given this focus and the reliability of these study results, obtained from a carefully executed research design, the ESP evaluation in Virginia offers an unusual opportunity. The study is able to assess the effects and potential of an employment program directed to a population that has many labor market deficiencies, but represents a cross-section of the WIN-mandatory caseload.

## Background

ESP was developed in response to the federal Omnibus Budget Reconciliation Act (OBRA) of 1981, which permitted states to restructure the Work Incentive (WIN) Program, the major federally-funded employment and training program for the AFDC welfare population. Under the authority granted by OBRA's WIN Demonstration Program title, Virginia began ESP in 1983, placing the overall management responsibility in the state's welfare agency, the Department of Social Services.

According to Virginia's ESP regulations, local welfare agencies are required to provide job search assistance to eligible AFDC applicants and recipients, and to condition the receipt of welfare on participation in this activity. Moreover, the agencies are required under a State Statute of 1982 to operate a work experience component and offer "opportunities" for education and training, although they can set their own criteria for assignment. Individuals who are not required to register with ESP -- including mothers with children under five years of age -- are encouraged to volunteer for the program. The 11 local agencies selected for MDRC's evaluation represent both urban and rural areas of the state. Together they cover approximately one-quarter of the state's ESP registrants.

According to the state-designed program model, the principal services were to be:

- **Job Search Assistance.** **An initial job search requirement to last for up to four weeks, and to be repeated every six months. Agencies could decide whether to offer group job search workshops (a fairly structured activity) or individual self-directed job search in which, after limited guidance, enrollees were required to contact a specified number of potential employers.**

- **Work Experience.** **An unpaid work position in a public or private nonprofit agency for up to 13 weeks, although reassignment was possible for an additional 13-week period. The component was a variation of the Community Work Experience Program (CWEP), authorized by OBRA, in which enrollees are required to work in return for their welfare benefits. The number of work hours in Virginia is determined by dividing the monthly grant amount by the minimum wage, although a maximum was established of 80 hours per month.**

- **Education and Training Services. Provided mostly by referral to existing community vocational programs or schools that were either free, low-cost, or funded by other resources including JTPA, Pell Grants or the like. Examples of such activities include community college courses; basic education and GED preparation classes, usually offered by public schools; training programs operated by outside providers under the Job Training Partnership Act (JTPA); and privately operated training programs.**

In addition, enrollees were to be assessed again after each program activity or at least every three months, except for women employed part-time or enrolled in long-term education or training, who were assessed every six months. Throughout their program tenure, enrollees also received child-care support and transportation expenses, if these were necessary.

This final report updates some of the findings from the interim report, which examined ESP's implementation and early participation. This report's primary focus, however, is the program impact and benefit-cost analyses, presented here for the first time.

## The Study Design and Research Sample

The study used an experimental research design, according to which female AFDC applicants and recipients were randomly assigned to either an experimental group, required to enter ESP, or to a control group. Members of the control group received no ESP services, but could, on their own, enter other programs in their communities. The research sample was formed over a period of 14 months, with random assignment extending from August 1983 through September 1984.

As noted above, the sample consisted of a cross-section of the female WIN-mandatory caseload in Virginia. In addition to AFDC applicants, it included recipients who had been registered with WIN for some time, as well as those who had just become WIN-mandatory, typically because their youngest child had become five. Applicants made up about 40 percent of the total research sample of 3,184; recipients, 60 percent.

At the time they entered the study, enrollees were primarily single heads of households with an average of two children. Two-thirds were nonwhite, and 80 percent were between 25 and 44 years old. These women had substantial barriers to employment. Over half were high school dropouts. About 88 percent had been on welfare before, and about half had not worked in the two years prior to sample entry.

## Findings on Participation

- **A substantial proportion of experimentals took part in ESP activities. Within nine months of random assignment, 58 percent entered at least one program activity, usually individual job search.**

As anticipated, job search -- the only required activity for all enrollees -- was the most widely used ESP service. Slightly more than half of all experimentals took part in it -- 40 percent in individual job search and 15 percent in group workshops. While individual job search offered less assistance than group search, its flexibility and the fact that it did not require daily participation allowed a fairly substantial proportion of people to be involved in the program.

In addition, all applicants were required to take part in a separate "applicant job search" immediately after welfare application. Proof of three employer contacts was a condition of welfare approval. While most women satisfied this requirement, almost none found jobs through this minimal job search effort.

- **Enrollees were much less active in post-job search services.**

During a nine-month follow-up period, about 10 percent of the experimentals took part in work experience, some more than once. Approximately 12 percent enrolled in education courses or vocational programs. Education was twice as frequently assigned as training, particularly in the urban areas.

- **For the relatively small number who participated in work experience, the reaction was generally positive, although the positions did not usually help to build new skills.**

In Virginia, as in five other MDRC demonstration states that offered a structured work experience component, personal interviews were conducted with participants and their worksite supervisors to determine the quality of work and participants' attitudes toward the positions. A total of 47 participants and 47 supervisors were interviewed in Virginia, and their responses are analyzed in the final report.

Generally, most participants said that they liked the jobs, and both they and their supervisors perceived the work as necessary and not "make-work." However, the jobs -- mostly entry-level clerical, maintenance and food service positions -- required few skills. As a result, they did not usually help participants to develop skills that they did not already possess.

- **Enrollees were mostly referred to community education and training programs, in which anyone who qualified could enroll. ESP did not increase enrollment in such programs over the level of participation that would have occurred in its absence.**

The expected difference between the experimental and control group in participating in education and training did not materialize: both groups had roughly similar levels of participation. This was partly due to the agencies' lack of resources to provide these services on their own, as well as their difficulty in forging new linkages with outside providers, especially in the early period of the Job Training Partnership Act.

Consequently, the impact analysis compares two groups that differed in the receipt of other services (i.e., job search and work experience), but not in the level of education and training. Program impacts thus cannot be directly attributed to the inclusion of education and training services in the program model.

- **Fewer applicants than recipients participated in ESP activities.**

Recipients were considerably more likely than applicants to participate in the program's activities. Overall, 69 percent of recipients became active in at least one component, compared to only 42 percent of applicants. The different rates are partly explained by the higher deregistration, or departure rates of applicants from the program (55 percent) compared to recipients (34 percent). About one-third of the applicants were denied welfare and never received program services, while others left welfare or the program for other reasons.

- **Only a very small proportion of enrollees remained continuously enrolled in ESP without fulfilling the program's requirements.**

Although a substantial proportion of enrollees did not participate in ESP activities, many were not subject to the program's requirements for very long. Some left welfare or the program shortly after entering: for example, because of remarriage, employment, an increase in other income, illness or other reasons. These departures limited the proportion of people with whom staff could work during any given period. Other enrollees, both applicants and recipients, fulfilled the program's requirements by working, although their low incomes allowed them to remain on welfare with continued ESP registration if their employment was less than 30 hours per week.

When all of these factors are taken into account, the program's ability to reach the targeted caseload is more evident. At the ninth month after random assignment, 94 percent of the applicants and 89 percent of the recipients had satisfied the program's requirements through either participation or employment, or had been deregistered. (Some portion of the uncovered group was in a "pending status," with the possibility of later participation.) ESP thus succeeded in implementing a participation requirement as a condition for receiving welfare, although it was mainly limited to one component -- job search.

## Findings on Program Impacts

The impact analysis examined the effectiveness of ESP in improving experimentals' employment and reducing their use of welfare. The impacts were estimated by comparing the outcomes of the experimental group with those of the control group over a uniform period of time. While not all experimentals participated in ESP activities, averages calculated for the experimental group include outcomes for all nonparticipants as well as participants. (This is because it is impossible to identify within the control group a subgroup of those who would have participated had they had this opportunity. A comparison of experimental participants to all controls could yield biased results.) Tests of statistical significance indicated how likely it was that measured differences resulted from the program treatment rather than from chance. It is important to note that even small impacts can be important if they are long-lasting or if they have occurred for a large number of people.

Impacts are first presented for the full sample, in which the follow-up period was a relatively short nine months (i.e., three quarters) for employment and earnings and one year for welfare receipt and payments. Applicant and recipient subgroups are next examined separately for both the short-term period and over the longer term as well. The subsample used to examine longer-term program effects was the early part of the full sample, those randomly assigned from August 1983 through March 1984, for whom 18 months of AFDC follow-up records were available, and 15 months of data on employment and earnings.

Employment and earnings data were obtained from records in the Virginia Unemployment Insurance System, and AFDC welfare records were the source of monthly welfare grants. Since the two systems organize their data somewhat differently, this accounts for the different lengths of follow-up, as noted above.

The importance of having a control group in this kind of a study should be clearly understood. Because of random assignment, the two groups are similar in all respects except receipt of ESP services; consequently, the control group represents what would have happened to experimental members had the program not existed. The outcomes of the control group serve as a benchmark against which the outcomes of the experimental group can be judged.

This is particularly important because many people do not stay on welfare for long. Welfare is often a temporary source of income for many who will find jobs on their own or leave welfare for other reasons. Among members of the control group in this study, 41 percent found employment within nine months, even without ESP assistance. Over time, the average earnings of this control group increased, while their welfare grant declined. (See Table 1.)

Impacts for the Full Sample

- **Overall, ESP led to modest increases in employment and earnings. While the employment gain was statistically significant, the earnings gain was not.**

During the three follow-up quarters, the employment rate of the experimental group increased by 3.3 percentage points over the 40.5 percent level of the control group. (See Table 1.) The average amount experimentals earned during the follow-up period increased by $81, an improvement of 8 percent from the control group average of $1,038. While the employment gain was statistically significant, the earnings impact was not.

- **ESP reduced the amount of welfare benefits paid to the experimental group, but did not substantially lower the proportion of individuals receiving welfare.**

For the full sample, ESP generated an $84 reduction in the average amount of AFDC payments received by the experimental group during the one-year follow-up period. This is a statistically significant 4 percent reduction from the control group average of $2,007. It should be noted that this finding represents a reduction in the average grant level of experimentals compared to the average grant for controls, and not an increase in case closings. Although the proportion of persons on welfare declined over time within the experimental group, the same pattern was

## TABLE 1

## SUMMARY OF PROGRAM IMPACTS FOR THE FULL SAMPLE

| Outcome and Follow-Up Period | Experimentals | Controls | Difference |
|---|---|---|---|
| Ever Employed, Quarters 2 - 4 (%) | 43.8 | 40.5 | + 3.3* |
| Ever Employed (%) | | | |
| Quarter of Random Assignment | 27.2 | 25.7 | + 1.5 |
| Quarter 2 | 28.3 | 26.4 | + 1.9 |
| Quarter 3 | 31.2 | 27.9 | + 3.3** |
| Quarter 4 | 34.4 | 30.5 | + 3.9** |
| Average Total Earnings, Quarters 2-4 ($) | 1119.05 | 1038.16 | +80.89 |
| Average Total Earnings ($) | | | |
| Quarter of Random Assignment | 221.29 | 224.22 | - 2.93 |
| Quarter 2 | 284.71 | 284.64 | + 0.06 |
| Quarter 3 | 380.65 | 346.14 | +34.51 |
| Quarter 4 | 453.70 | 407.38 | +46.32 |
| Ever Received Any AFDC Payments, Quarters 1 - 4 (%) | 86.0 | 86.1 | - 0.1 |
| Ever Received Any AFDC Payments (%) | | | |
| Quarter of Random Assignment | 82.8 | 82.9 | - 0.2 |
| Quarter 2 | 76.3 | 76.4 | - 0.0 |
| Quarter 3 | 65.9 | 67.5 | - 1.6 |
| Quarter 4 | 59.7 | 59.8 | - 0.1 |
| Average Total AFDC Payments Received, Quarters 1 - 4 ($) | 1923.28 | 2006.87 | -83.59** |
| Average AFDC Payments Received ($) | | | |
| Quarter of Random Assignment | 542.23 | 551.47 | - 9.24 |
| Quarter 2 | 522.52 | 546.71 | -24.19* |
| Quarter 3 | 447.95 | 478.31 | -30.36** |
| Quarter 4 | 410.58 | 430.38 | -19.80 |

SOURCE: See Table 4.2.

NOTES: Employment and earnings impacts cover a period of nine months beginning with the quarter after the quarter of random assignment. Welfare impacts cover a twelve month period including the quarter of random assignment. There may be some discrepancies in calculating experimental-control differences due to rounding.

A two-tailed t-test was applied to experimental-control differences. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; *** = 1 percent.

observed for the control group. In other words, similar proportions of the experimental and control groups were on the AFDC rolls throughout this period.

Impacts Among Applicants

- **For applicants to welfare, ESP led to gradually increasing employment gains. The largest gain occurred during a longer-term follow-up of 15 months.**

As seen in Table 2, the employment rate for applicants improved by 5.4 percentage points over the short-term, a 10 percent gain over the control rate of 54.1 percent. These impacts grew larger over time. For a group of early applicants who were followed for 15 months, employment rates were a statistically significant 7.5 percentage points higher than the control level of 37.4 percent at the end of the longer-term follow-up. (See Figure 1.)

The earnings gain of $127 for the full applicant sample in the short term was not statistically significant. However, for the early applicants tracked for 15 months, the earnings impact became significant in the sixth quarter. The increase of $166 over the control group mean of $525 represents a 32 percent improvement.

- **There is also evidence that ESP, over time, produced welfare savings for the applicant group. The program also appeared to reduce the proportion of applicants receiving welfare. Both measures were statistically significant by the end of an 18-month follow-up period.**

For the full applicant group, the welfare savings of $75 was not statistically significant in the one-year follow-up period. The evidence in Table 2 also indicates that the program requirements did not deter people from continuing to seek welfare: similar proportions of both

## TABLE 2

## SUMMARY OF PROGRAM IMPACTS FOR THE FULL SAMPLE, BY WELFARE STATUS

| Outcome And Follow-Up Period | Applicants | | | Recipients | | |
|---|---|---|---|---|---|---|
| | Experimentals | Controls | Difference | Experimentals | Controls | Difference |
| Ever Employed, Quarters 2 - 4 (%) | 59.5 | 54.1 | + 5.4* | 33.4 | 31.1 | + 2.2 |
| Ever Employed (%) | | | | | | |
| Quarter of Random Assignment | 45.7 | 47.1 | - 1.4 | 14.7 | 11.3 | + 3.4** |
| Quarter 2 | 41.3 | 39.3 | + 2.0 | 19.7 | 17.4 | + 2.3 |
| Quarter 3 | 44.0 | 37.8 | + 6.1** | 22.8 | 20.9 | + 1.9 |
| Quarter 4 | 46.8 | 39.6 | + 7.2** | 26.0 | 24.2 | + 1.8 |
| Average Total Earnings, Quarters 2 - 4 (%) | 1631.87 | 1504.57 | +127.30 | 776.12 | 713.82 | + 62.30 |
| Average Total Earnings ($) | | | | | | |
| Quarter of Random Assignment | 393.13 | 443.34 | -50.20 | 103.66 | 77.51 | +26.15 |
| Quarter 2 | 423.22 | 452.59 | -29.37 | 191.82 | 168.41 | +23.41 |
| Quarter 3 | 561.89 | 492.70 | +69.19 | 260.58 | 241.86 | +18.72 |
| Quarter 4 | 646.76 | 559.28 | +87.47 | 323.72 | 303.55 | +20.18 |
| Ever Received Any AFDC Payment, Quarters 1 - 4 (%) | 69.3 | 69.2 | + 0.1 | 97.2 | 97.8 | - 0.6 |
| Ever Received Any AFDC Payments (%) | | | | | | |
| Quarter of Random Assignment | 61.8 | 61.3 | + 0.4 | 96.9 | 97.6 | - 0.7 |
| Quarter 2 | 58.6 | 56.2 | + 2.4 | 88.2 | 90.3 | - 2.1 |
| Quarter 3 | 44.7 | 45.7 | - 1.0 | 80.1 | 82.4 | - 2.3 |
| Quarter 4 | 37.8 | 40.2 | - 2.4 | 74.4 | 73.2 | + 1.2 |
| Average Total AFDC Payments Received, Quarters 1 - 4 ($) | 1202.46 | 1277.68 | -75.22 | 2407.80 | 2508.79 | -100.99** |
| Average AFDC Payments Received ($) | | | | | | |
| Quarter of Random Assignment | 315.79 | 314.51 | + 1.28 | 695.30 | 712.83 | -17.53 |
| Quarter 2 | 369.74 | 384.69 | -14.95 | 625.18 | 658.36 | -33.18** |
| Quarter 3 | 274.91 | 307.77 | -32.86 | 563.95 | 596.32 | -32.37** |
| Quarter 4 | 242.02 | 270.70 | -28.69 | 523.36 | 541.28 | -17.92 |

SOURCE: See Tables 4.3 and 4.5.

NOTES: Employment and earnings impacts cover a period of nine months beginning with the quarter after the quarter of random assignment. Welfare impacts cover a twelve month period including the quarter of random assignment. There may be some discrepancies in calculating experimental-control differences due to rounding.

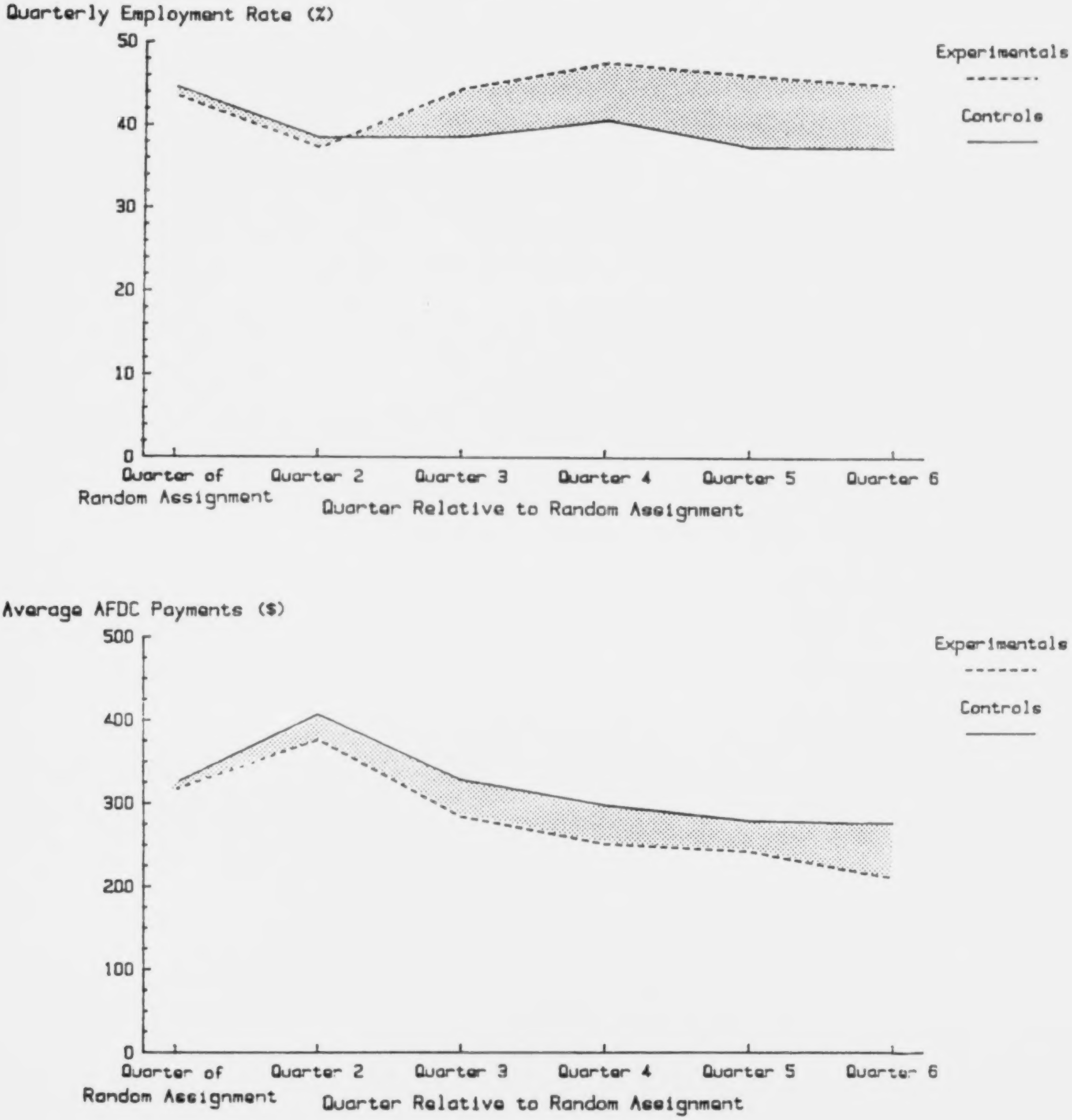
A two-tailed t-test was applied to experimental-control differences. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; and *** = 1 percent.

FIGURE 1

VIRGINIA

AFDC APPLICANTS: TRENDS IN QUARTERLY EMPLOYMENT RATES AND AVERAGE AFDC PAYMENTS

(EARLY SAMPLE)



SOURCE: See Table 4.4.

experimentals and controls received welfare at some period during the year.

In the longer-term, however, impacts appeared to become stronger. Welfare savings, or grant reductions, for the early applicant sample continued their short-term growth into the 18-month follow-up period. The average cumulative savings of $232 in this period was statistically significant, as was a reduction in the proportion of experimentals on the welfare rolls. The proportion dropped in the last three months by 8.4 percentage points, down from the control group level of 40.8 percent.

Impacts Among Recipients

- **For AFDC recipients, ESP produced little change in employment and earnings.**

The full recipient sample experienced a small but not statistically significant increase in the proportion employed (2.2 percentage points), as well as in the amount earned (an increase of $62) over the short term. (See Table 2.) In the longer term, changes were small and not statistically significant. (See Figure 2.)

- **For recipients, ESP produced welfare savings in the short term that, however, did not increase over the longer term.**

Short-term welfare savings for the full recipient sample were not sustained by the early sample followed over 18 months.

Impacts Among Other Subgroups

- **Separate analysis in urban and rural areas showed gains in employment, as well as reductions in welfare, for urban experimentals.**

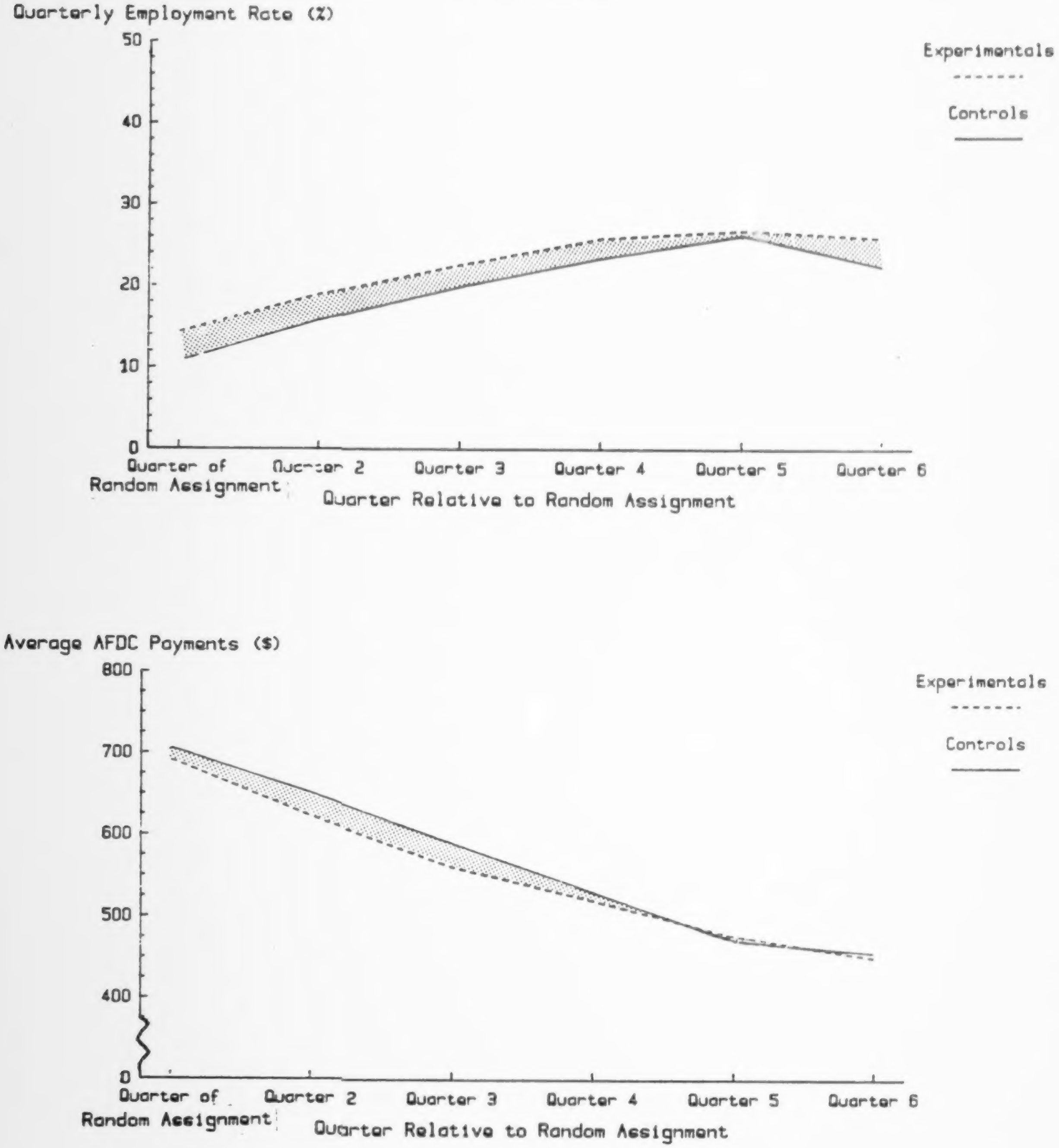
Employment impacts for urban applicants and recipients combined were statistically significant and larger than the gains registered for the full experimental sample. Impacts of urban applicants were especially large,

FIGURE 2

VIRGINIA

AFDC RECIPIENTS: TRENDS IN QUARTERLY EMPLOYMENT RATES AND AVERAGE AFDC PAYMENTS

(EARLY SAMPLE)



**SOURCE:** See Table 4.6

with employment increasing in the short term by 7 percentage points over the control group level of 41.3 percent. Welfare savings were also statistically significant except for the first quarter: in the year-long study period, urban applicant experimentals received $101 less in welfare payments than urban applicant controls, for a reduction of 7.6 percent from the control level of $1,335.

- **ESP did not appear as effective in the rural areas, but small sample sizes made it difficult to assess results.**

In rural areas, there were no statistically significant impacts on any outcome measures and no clear trends. However, small sample sizes precluded precise analysis.

- **Different subgroups, distinguished by characteristics such as prior work, welfare dependency and education, benefited from ESP in different ways. Hard-to-employ applicant subgroups, particularly those who had had little prior work experience, tended to gain more than the more employable groups.**

Impacts on employment and earnings, as well as on average welfare payments, were concentrated in the applicant subgroups defined as "hard-to-employ:" i.e., those with less prior employment, longer welfare receipt, or less education.

As one example, those without employment during the year prior to program entry experienced an employment gain of 8.2 percentage points over the control group level of 36.5 pecent. The size of this gain was twice that of the gain for the group with recent employment. Welfare reductions for the group without prior work were $148 on a control group mean of $1,369.

It is important to realize that while the impacts tend to be larger for the harder-to-employ subgroups, this does not mean that these groups attained high levels of employment. For example, the absolute level of employment was much higher for the group with prior employment (67.3 percent) than for the group with no prior employment (36.5 percent). These findings do show, however, that programs working with those who would do very poorly on their own are capable of producing changes in behavior.

- **In contrast to the applicants, hard-to-employ recipients did not gain from the program, except for recipients without a high school diploma.**

Recipients without a high school diploma registered employment gains of 4.5 percentage points over a control group base of 24.5 percent. There were also statistically significant welfare savings of $211 over a control group average of $2,625. In contrast, there were no impacts for other hard-to-employ recipient subgroups.

## The Benefits and Costs of ESP

The benefit-cost analysis reports on the overall gains and losses generated by ESP. This analysis differs from the impact analysis in several important ways. First, it estimates the program's effects not only on earnings and welfare payments, but also on fringe benefits, tax payments, Medicaid, Food Stamps, Unemployment Insurance payments, and the administrative costs associated with these transfer programs. With the exception of Unemployment Insurance, these effects could not be directly measured and were therefore estimated using a variety of data sources.

Second, using a number of assumptions, the analysis calculates effects and costs of the program that are likely to occur after data collection ended. This longer-range view is necessary, since most costs were incurred quickly (i.e., when participants were still active in the program), while benefits may accrue over a longer time period, as employed people continue to work, pay taxes and reduce their use of welfare. Estimates for this analysis thus cover a five-year period for each sample member, starting with the date of random assignment, and total results include both observed and extrapolated estimates. The extrapolated estimates are particularly important to the overall results in Virginia because of the relatively short period of data collection.

A third difference of the benefit-cost analysis is its concern with how gains and losses differ for different groups, often called "perspectives." The most important perspectives in this analysis are the welfare sample and the government budget. (Other groups examined in the full report but not discussed in this summary include society in general and everyone else in society except the welfare sample.)

Two key questions are addressed in this benefit-cost analysis:

- **Does this study's welfare sample become economically better off as a result of ESP?**
- **Are government expenditures increased or decreased as a result of the program?**

Before considering the results, one must understand the assumptions made about future benefits. Because it is always uncertain whether program effects at the end of a study period will grow, stabilize or decline, alternative assumptions have been made about their continuation in this study of ESP.

One assumption is that the magnitude of the impacts observed during the two quarters immediately prior to the end of data collection will continue unchanged to the point five years after random assignment. This assumption is supported by the finding that overall employment and welfare impacts for the early sample followed over the longer term were sustained or increased in the final follow-up months. Moreover, similar trends have been observed in other studies of employment programs for welfare recipients.

An alternative assumption is that program impacts will decline after the study period by 22 percent per year, a rate observed in another study of a somewhat similar program and population.

Thus, while the true long-term effects of the program are not certain, they are likely to lie within the range of the estimates derived using these two assumptions.

- **Overall, ESP benefited the individuals for whom it was operated. For both applicants and recipients, the economic gains generated by the program outweighed the losses.**

From the point of view of this study sample, the main ESP benefits were increased earnings and fringe benefits from regular jobs, which were estimated to be $1,179 to $1,581 per experimental over five years, depending on the assumption about future effects. Another gain was a small increase in child care and other support service payments obtained through the program. These gains were partially offset by the higher taxes the individuals in this study paid ($149 to $201 per experimental) and their reduced transfer payments ($390 to $499 per experimental), particularly from AFDC welfare and Medicaid.

Overall, however, the benefits exceeded losses, as shown in Table 3. For the full sample, the net gain per experimental over five years ranged from $664 to $905. The improvement was larger for applicants than recipients ($958 to $1,310 versus $485 to $663), because even though

## TABLE 3

## ESTIMATED BENEFITS AND LOSSES OF THE EMPLOYMENT SERVICES PROGRAM PER EXPERIMENTAL, AFTER FIVE YEARS

| Welfare Category | Welfare Sample[a] | Government Budget[b] |
|---|---|---|
| **Full Sample** | | |
| Total Benefits | $1203 to $1605 | $589 to $766 |
| Total Losses | -539 to -700 | -430 |
| Net Gain or Loss | 664 to 905 | 159 to 336 |
| **Applicants** | | |
| Total Benefits | 1629 to 2191 | 759 to 999 |
| Total Losses | -671 to -881 | -253 |
| Net Gain or Loss | 958 to 1310 | 506 to 746 |
| **Recipients** | | |
| Total Benefits | 978 to 1296 | 519 to 667 |
| Total Losses | -493 to -633 | -548 |
| Net Gain or Loss | 485 to 663 | -29 to 119 |

SOURCE: Tables 5.5, 5.6, and 5.7

NOTES: All estimates refer to average experimental-control differences. Where appropriate, a range of estimates is presented due to the uncertainty of program effects after the study period. The first number in the range assumes that effects decline by 22 percent per year; the second number assumes no increase or decrease.

[a] For the welfare sample, benefits include increased earnings, fringe benefits and ESP support services (e.g., child care and transportation); losses include increased tax payments and reduced transfers, primarily AFDC payments and Medicaid.

[b] For the government budget, benefits include increased tax payments reduced transfers, and reduced transfer program administrative costs. Losses include ESP operating costs, support service expenditures, and the costs of education and training provided by community agencies.

applicants lost more in taxes and transfer payments, their increased earnings and fringe benefits were considerably greater than their losses.

- **For the government budget, the overall program effect was positive. When directed toward applicants, the program produced a net budget savings within five years. When directed toward recipients, the benefits and costs were roughly even.**

From the government's perspective, the main program benefits were increased tax payments, reduced welfare and other public assistance, and associated reductions in the administrative costs of these programs. However, public funds paid for the operating costs of ESP, as well as for support services and for most of the education and training services provided by community agencies. The end result for the full sample was, however, positive, even when these costs were compared to the benefits of the program; gains exceeded losses by $159 to $336 per experimental. (See Table 3.)

Most of this positive effect was due to the applicant sample, which produced a net budgetary savings of $506 to $746 per experimental over five years. In contrast, among recipients, the estimates ranged from a net loss of $29 per experimental to a net gain of $119, depending on the assumptions about future effects. These results are probably best interpreted to mean that, in providing services to recipients, the government breaks even on its investment in about five years.

- **The net costs of ESP were modest, although higher for recipients than for applicants.**

The average cost of operating ESP was estimated to be $388 per experimental (including participants as well as nonparticipants), ranging from $251 per applicant to $479 per recipient. The difference between applicants and recipients reflects the fact that recipients were more likely to enter program services; applicants, on the other hand, left the program sooner. When expenditures for support services (e.g., child care and transportation) and for education and training provided by community agencies (above the costs of these services for controls) were considered, the average net cost of the program for each experimental increased to $430, or to $253 per applicant and $548 per recipient. (Only a fraction of the sample used these services, which largely accounts for the low average cost.)

It is important to recognize that these benefit-cost results do not take a number of other important factors into account. First, it has been assumed that the higher employment rates of experimentals do not result in the displacement of other workers. Second, several intangible benefits and costs have not been measured, such as the benefits associated with society's preference for work over welfare. In addition, dollar values cannot easily be assigned to such social benefits and costs as welfare mothers spending more time working and less time with their children. These limitations should be kept in mind in interpreting the results of this analysis.

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# FINAL REPORT ON THE VIRGINIA EMPLOYMENT SERVICES PROGRAM

## CHAPTER 1

## INTRODUCTION

This is the second and final report on the Employment Services Program (ESP), an initiative designed by the Commonwealth of Virginia to improve the employment prospects of individuals applying for or receiving benefits under the Aid to Families with Dependent Children (AFDC) program.[1] Virginia developed the program in response to the opportunity granted to states under the 1981 federal Omnibus Budget Reconciliation Act (OBRA) to redesign the Work Incentive (WIN) Program, the major federally-funded employment and training system for the welfare population.[2] As authorized by OBRA, ESP has been operated as a WIN Demonstration Program, which permits variation in the usual management practices of the program and the provision of WIN services.

The OBRA legislation gave states the authority to explore ways of strengthening the linkages between welfare and work. One option, which ESP has used but varied slightly, is the Community Work Experience Program (CWEP), a program that requires AFDC recipients to work in unpaid public or private nonprofit positions; their work hours are calculated by dividing the welfare benefit by the minimum wage. Another OBRA provision, also used by ESP, allowed states operating WIN Demonstration Programs to centralize management authority in the welfare agency, rather than to divide it between that agency and the state's employment service, as is the case in the regular WIN Program.

ESP consists of a series of activities for AFDC applicants and recipients classified WIN-mandatory.[3] The first activity is mandatory job search. Subsequent services can include CWEP, education and training.

The Manpower Demonstration Research Corporation (MDRC) has been evaluating ESP under contract to Virginia's welfare agency, the Department of Social Services (DSS). The research design has three major studies -- process, impact and benefit-cost -- examining, respectively, the implementation of and enrollees' participation in the program; the effect of ESP services on enrollees' employment and welfare receipt; and the costs and benefits of service provision.

Because the AFDC program in Virginia is state supervised but locally administered, responsibility for operating ESP has rested with the state's 124 local welfare agencies. MDRC's evaluation covers ESP as operated in 11 of these agencies, which roughly represent the statewide agencies. An interim report in 1985 described the early implementation and patterns of ESP participation. This final report updates that information and presents the impact and benefit-cost analyses.

To provide a context for understanding the findings, this chapter first discusses the development of the program model at the state level before describing the settings of the 11 local programs. It concludes with a summary of the interim findings and the major issues addressed in this report.

## I. Program Background

Virginia's WIN Demonstration began in January 1983, with single-agency management authority vested in the welfare agency, the Department of Social Services. Responsibility for planning the new program therefore fell to state DSS staff, primarily members of the Adult and Family Service Bureau of the Division of Service Programs, the unit that had provided social services under the regular WIN Program.

Although many of the employment programs currently being run by states are limited to a few communities and/or segments of the welfare population, Virginia opted for more inclusive coverage. The new WIN Demonstration Program replaced WIN in all 124 local welfare agencies, and the Employment Services Program was thus operated statewide,[4] targeting all WIN-mandatory individuals. This meant that the state's WIN resources, which had been sharply reduced following the 1981 cuts in the federal WIN budget, were spread over a large and very diverse caseload, which included people who had been WIN registrants for a long time. While this influenced the choice of services to be included in the state model, ESP was an unusual opportunity to examine a WIN Demonstration initiative targeted to a broad range of the welfare population.

The model ultimately designed by the state intentionally provided only an overall framework for program operations. Virginia has a strong tradition of local control and autonomy, dating from Colonial times, that had already formed the basis for the state's locally operated but state-supervised AFDC system. Not surprisingly, when the state was given greater latitude to define WIN services, program goals and assignment policies, it decided to allow local agencies to shape ESP services to respond to conditions in their communities. (This allocation of authority was not possible in the regular WIN Program, where federally-determined goals and regulations had to be followed.)

The state's interest in building flexibility into the program model was also based on an interest in accommodating a wide range of opinions -- both those of DSS staff and other important constituencies -- about welfare dependency in general and the kinds of programs that should be offered to the welfare population to reduce dependency. To a certain extent, the state-planned multi-component ESP model reflected the diversity of viewpoints on these issues. Some influential Virginians advocated a mandatory program requiring registrants to participate in all activities; others believed that, as long as appropriate assistance was offered, welfare recipients could be relied on to voluntarily do what was necessary to become self-sufficient.

Opinion was, in addition, divided on the question of how well the regular WIN Program had served its enrollees. Some, especially in the state's employment service, believed that given the limited resources and the difficult problems of the welfare population, WIN had performed about as well as it could have. Others thought more could have been done, citing WIN's record of working actively with only a limited proportion of the people registered. With the more demanding view of WIN predominating, particularly within DSS, an implicit goal of the new program was to increase activity levels beyond those in WIN.

The ESP model that emerged from the planning process was a partially mandated sequence of services. DSS planners agreed to require job search of all women[5] enrolled in ESP. In part because of their belief that welfare recipients have a responsibility to try to find jobs for themselves, there was a consensus that this activity would be useful for the full range of the caseload, as well as new AFDC applicants.

Local agencies were also required to operate work experience programs and to "offer opportunities" for education and training.[6] However, in contrast to job search, there was no agreement that all enrollees should be required to participate in these activities. Work experience was a new type of activity (one rarely used in the old WIN Program) and potentially controversial, and funding resources for education and training were minimal; consequently, for the latter, local agencies were advised to utilize existing community services provided by schools and other organizations in their communities. Given these circumstances, planners recognized that it would be difficult to mandate participation. Thus, like all programs, the ultimate ESP model represented a compromise, and its overall assumptions and intentions should guide interpretation of the results of this evaluation.

Another important consideration was the nature of the welfare population, which is always partly influenced by the level of the state's welfare payments. Virginia ranks 36th from the top among all states in the size of its maximum benefit levels, with a family of one adult and two children receiving from $245 to $327 per month in 1984. In Virginia, payment standards also depend on the area in which the recipient lives (see Chapter 2 for further information on welfare payment standards in the state), although the state has established caps on monthly payments so that, regardless of area or family size, benefits do not exceed from $372 to $478 per month. These levels are not very high, and employed or highly employable individuals in Virginia may not be either eligible for or attracted to welfare. This in turn has a bearing on the characteristics of the people enrolled in ESP.

## II. The Program Model

Applicants and recipients classified as mandatory were required to register with and participate in ESP in order to receive benefits.[7] Those not required were encouraged to volunteer for the program. As a condition of being approved for welfare, all eligible applicants had to first fulfill a special job search requirement -- known in the program as "applicant job search" -- which required them to provide proof of three contacts with prospective employers. After this, and if their applications for assistance were approved, they were then referred to an ESP Worker for assessment and possible assignment to program activities.

These approved applicants[8] and all those who were already on the rolls -- including both existing WIN-mandatory recipients, as well as those who had just been determined WIN-mandatory -- were required to participate in either group or individual job search for up to four weeks. (This activity was called "recipient job search.") The content and requirements of this component were left to the discretion of local agencies, whose staff could offer one or both forms of the activity. Throughout their program tenure, the women were expected to take part in job search every six months, if they were still registered with the program, unemployed and not in another ESP activity.

Reassessment occurred after each component, or at least every 90 days, except for persons employed part-time or enrolled in long-term education or training programs, who were to be reassessed every six months. Following recipient job search, the ESP Workers could send the enrollees back to job search or assign them to any of the post-job-search activities -- work experience, education or training, which could be Adult Basic Education, a general equivalency diploma (GED) program, vocational education courses provided either by the public school system or a community college, or an activity funded by the Job Training Partnership Act (JTPA). Other options were also available.

Work experience in ESP combined elements of the CWEP approach with those in WIN Work Experience, a similar activity in the regular WIN Program. As in CWEP, ESP work hours were calculated by dividing the grant by the minimum wage. As in WIN Work Experience, assignments were limited to 13 weeks (although registrants could be reassigned). Assignments were further restricted by state law to no more than 80 hours per month.

During the early months of the evaluation, very low participation rates were reported in the post-job-search activities. To improve the possibility that these components could be fairly tested in the MDRC study, DSS established participation goals for all of the ESP activities. These goals, later incorporated into letters of agreement between the state and the 11 agencies, were based in part on plans the agencies had submitted before program start-up.

## III. Program Settings

The program settings were varied. As shown on the map (Figure 1.1), one agency, Fairfax, is located in the northern region of the state; three -- Newport News, Hampton and Chesapeake -- are in the Tidewater area; and the remaining seven -- Henry, Martinsville, Carroll, Grayson, Galax, Campbell and Pittsylvania -- are in the southwestern and south central regions. DSS chose these agencies because they considered them generally representative of Virginia's welfare agencies and because they met two

FIGURE 1.1

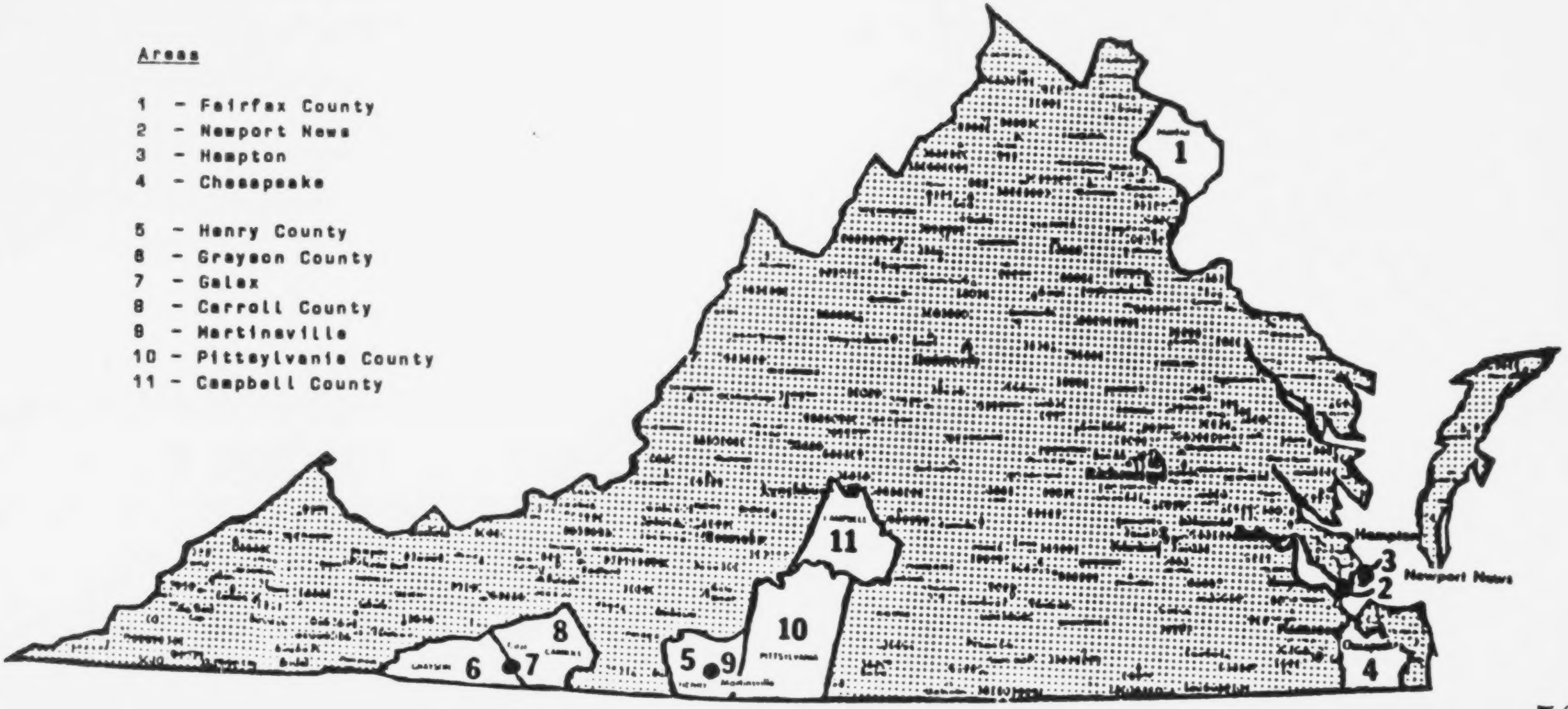
VIRGINIA

AREAS SERVED BY DEMONSTRATION AGENCIES

Areas

1 - Fairfax County
2 - Newport News
3 - Hampton
4 - Chesapeake

5 - Henry County
6 - Grayson County
7 - Galax
8 - Carroll County
9 - Martinsville
10 - Pittsylvania County
11 - Campbell County


1
11
10
8
6
7
5
9
Hampton
3
Newport News
2
4

other critieria: their data systems were appropriate, and they had all expressed a strong interest in taking part in the study.9

The data in Table 1.1 establish two points. First, while there are striking differences in the areas served by the participating agencies, as a group they are fairly representative of the state as a whole. Second, although some agencies do not fit neatly into either the "urban" or "rural" category, the differences between the two groups are large enough to suggest that ESP posed different operating challenges and that program outcomes could differ along urban/rural lines. (Two of the areas classified "rural" -- Galax and Martinsville -- are actually small cities surrounded by large rural counties, and two classified "urban" are mixed -- Fairfax County and Chesapeake.)

To note one important difference, no public transportation was available in the rural areas, where residents often lived far from the population centers. Also, as noted previously, the different benefit levels and labor markets in the urban and rural areas, as reflected in the average unemployment rates, could influence employment and welfare outcomes. Lastly, the urban and rural populations differed, as shown by their different levels of educational attainment, per capita income and types of occupation. All of these factors together suggest the importance of contextual factors in analyzing participation patterns and program effects.

Table 1.2 shows that staff size was understandably larger in the urban agencies, with the Newport News staff largest of all. Staff composition also differed, with the urban agencies simply expanding old WIN units to operate the new programs. Rural ESP Workers, on the other hand, were much more likely to lack previous WIN experience; they often had transferred

## TABLE 1.1

## VIRGINIA

## SELECTED CHARACTERISTICS OF AREAS SERVED BY DEMONSTRATION AGENCIES

| Characteristic | Urban Agencies |  |  |  | Rural Agencies |  |  |  |  |  |  | All Agencies | Statewide |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
|  | Fairfax | Newport News | Hampton | Chesapeake | Henry | Grayson | Galax | Carroll | Martinsville | Pittsylvania | Campbell |  |  |
| 1980 Population (in Thousands)[1] | 596.9 | 144.9 | 122.6 | 144.5 | 57.7 | 16.6 | 6.5 | 27.3 | 18.1 | 66.2 | 45.4 | 1,246.7 | 5,346.8 |
| Percent Urban[2/a] | 98.1 | 100.0 | 100.0 | 93.0 | 19.4 | 0.0 | 100.0 | 0.0 | 100.0 | 13.9 | 35.6 | 51.2 | 66.0 |
| Land Area (Square Miles)[3] | 393 | 65 | 51 | 340 | 382 | 446 | 8 | 478 | 11 | 995 | 505 | 3,674 | 39,703 |
| Population Density (Inhabitants Per Square Mile)[4] | 1518.8 | 2229.3 | 2404.3 | 336.7 | 150.9 | 37.2 | 815.5 | 57.1 | 1649.9 | 66.5 | 89.9 | 339.3 | 134.7 |
| Percent Non-White[5] | 11.3 | 33.9 | 38.1 | 28.9 | 23.8 | 3.5 | 5.0 | 0.6 | 31.9 | 30.4 | 15.7 | 20.1 | 20.9 |
| Percent of Families Below Poverty Line[6] | 3.0 | 11.1 | 10.2 | 9.2 | 8.0 | 11.4 | 11.3 | 13.7 | 10.4 | 11.8 | 7.3 | 9.8 | 9.2 |
| Percent of Families Below Poverty Line Receiving AFDC Benefits[7] | 49.4 | 69.5 | 49.1 | 62.5 | 24.0 | 17.6 | 44.1 | 15.7 | 48.3 | 29.3 | 44.1 | 41.1 | 48.1 |
| Average Monthly AFDC Benefits, 1984 ($)[8] | 264.09 | 235.1 | 297.00 | 233.53 | 203.90 | 200.29 | 210.91 | 194.61 | 236.39 | 209.72 | 207.73 | 228.58 | 236.38 |
| Unemployment Rate, December 1983[9] | 2.5 | 4.4 | 4.8 | 4.8 | 8.6 | 8.2 | 5.0 | 5.5 | 8.2 | 7.0 | 5.8 | 5.5 | 5.3 |
| High School Graduates (%)[10] | 88.5 | 67.0 | 67.5 | 60.7 | 43.4 | 38.3 | 38.2 | 37.2 | 53.0 | 37.8 | 50.8 | 52.9 | 62.4 |
| Average Per Capita Income ($)[11] | 11,497 | 6,856 | 6,786 | 6,684 | 6,033 | 5,266 | 6,624 | 4,898 | 6,789 | 5,643 | 6,333 | 6,683 | 7,478 |
| Availability of Public Transportation[12] | In Some Areas | In All Areas | In All Areas | In Some Areas | None | None | None | None | None | None | None |  |  |
| Employed Persons 16 Years And Over Employed In[13] |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Managerial And Professional Specialty | 40.9 | 22.8 | 21.3 | 20.4 | 11.6 | 10.6 | 17.1 | 12.1 | 21.8 | 10.2 | 15.6 | 18.7 | 24.8 |
| Technical, Sales, Administrativ Support | 36.1 | 28.9 | 31.7 | 29.9 | 20.3 | 16.0 | 20.0 | 16.0 | 22.5 | 19.9 | 25.8 | 24.4 | 30.0 |
| Service Occupations | 9.3 | 14.3 | 14.5 | 11.9 | 8.9 | 9.4 | 13.2 | 7.4 | 11.1 | 9.7 | 9.2 | 10.8 | 12.2 |
| Farming, Forestry, Fishing | 0.6 | 0.7 | 0.9 | 1.2 | 1.2 | 5.6 | 0.6 | 5.2 | 0.7 | 5.8 | 2.8 | 2.3 | 2.4 |
| Precision Production, Craft, Repair | 7.4 | 17.0 | 16.6 | 19.3 | 16.3 | 15.8 | 11.1 | 16.5 | 10.9 | 14.5 | 18.2 | 14.7 | 12.8 |
| Operators, Fabricators, Laborer | 5.6 | 16.4 | 15.0 | 17.3 | 41.8 | 42.6 | 37.9 | 42.8 | 33.0 | 39.8 | 28.3 | 29.1 | 17.7 |

(continued)

TABLE 1.1 (continued)

SOURCES: [1] *General Population Characteristics*, 1980 Virginia Census of Population, U.S. Department of Commerce, Bureau of the Census, Table 14, Summary of General Characteristics, 1980.

[2] *Number of Inhabitants*, 1980 Virginia Census of Population, U.S. Department of Commerce, Bureau of the Census, Table 3, Population by Urban and Rural Residence, 1980.

[3] *Ibid*, Table 2, Land Area and Population, 1980.

[4] *Ibid*, Table 2, Land Area and Population, 1980.

[5] *General Social and Economic Characteristics*, 1980 Virginia Census of Population, U.S. Department of Commerce, Bureau of the Census, Table 15, Persons by Race, 1980.

[6] *Ibid*, Table 125, Poverty Status in 1979 of Families and Persons, 1980.

[7] NORC calculations based on most recent poverty statistics from the Bureau of the Census, 1980, and AFDC caseload figures available from Virginia Department of Social Services.

[8] *Public Welfare Statistics*, Virginia Department of Social Services, December, 1984.

[9] *Labor Force Estimates*, Virginia Employment Commission, 1984, revised.

[10] *op. cit. General Social and Economic Characteristics*, Table 56, Summary of Social Characteristics, 1980.

[11] *Ibid*, Table 57, Summary of Economic Characteristics, 1980. Figures are in 1979 dollars.

[12] *Ibid*, Table 174, Geographical Mobility and Commuting for Counties, 1980.

[13] *Ibid*, Table 121, Occupation of Employed Persons for Areas and Places, 1980.

NOTE: [a] As defined by the Census Bureau, the urban population comprises all persons living in urbanized areas, (that is, population concentrations of at least 50,000 inhabitants generally consisting of a central city and the surrounding, closely settled contiguous area), and in places of 2500 or more inhabitants outside of urbanized areas.

## TABLE 1.2

## VIRGINIA

## ORGANIZATIONAL CHARACTERISTICS OF THE EMPLOYMENT SERVICES PROGRAM, BY LOCAL AGENCY

| Agency | Number of Offices | Number of Employment Services Workers[a] | Number of Employment Services Supervisors | Number of Staffing Levels Between ESP Supervisor and Agency Director |
|---|---|---|---|---|
| Urban | | | | |
| Fairfax | 4 | 7 | 1 | 2 |
| Newport News | 3 | 19[b] | 3 | 2 |
| Hampton | 1 | 5 | 1 | 1 |
| Chesapeake | 1 | 6 | 1 | 3 |
| Rural | | | | |
| Henry | 1 | 1 | 1 | 0 |
| Grayson | 1 | 1 Shared Worker | 1 Shared Unit | 0 |
| Galax | 1 | | | 0 |
| Carroll | 1 | | | 0 |
| Martinsville | 1 | 1 | 1 | 0 |
| Pittsylvania | 1 | 2 | 1 | 0 |
| Campbell | 1 | 1 | 1 | 0 |

SOURCE: Employment Services Program Statistical Reports, December 1983, and personal interviews conducted in 1984.

NOTES: [a] In certain agencies, ESP Workers are concurrently responsible for serving a portion of the Food Stamp caseload.

[b] In Newport News, there is one central office with 15 ESP Workers and two satellite offices with two ESP Workers each.

from other divisions -- the Eligibility Division, for example -- or from non-WIN-related units of the Services division. In Galax, Grayson and Carroll (where ESP allocations did not allow even one full-time person), the shared Worker had a business, rather than a social services, background. However, previous WIN experience did not mean that urban staffs were prepared to operate an employment program like ESP. In the past, these staffs had usually just provided social services and were inexperienced in assigning and moving enrollees through a number of components, as was required in ESP.

## IV. The Evaluation Design

### A. The Research Studies

The following discussion and Table 1.3 summarize the questions, methodology and data sources for the three parts of the ESP evaluation.

1. The Process Analysis. To examine the program as operated by the 11 participating agencies, the process study describes the content of ESP services, analyzes patterns of participation, and discusses the implementation factors that may have influenced the program's effects.

2. The Impact Analysis. The impact analysis, the principal focus of this report, addresses a number of questions about program effectiveness: Are there short- or longer-term impacts on the employment and earnings of enrollees? Do the levels of welfare receipt or the size of the benefit checks decline? Do the impacts vary by different subgroups of the eligible population -- i.e., between applicants and recipients, or between groups with more or fewer characteristics of welfare dependency?

To answer these questions, the impact study uses an experimental

TABLE 1.3

VIRGINIA

RESEARCH DESIGN FOR THE EVALUATION OF THE EMPLOYMENT SERVICES PROGRAM

| Research Component And Questions | Methodology | Data Sources | Report |
|---|---|---|---|
| IMPACT ANALYSIS | | | |
| Does the Employment Services Program — either the full array of services or the Job Search/Work Experience sequence — result in an increase in employment and earnings and/or a reduction in welfare dependency and benefits? | Comparison of the employment and AFDC outcomes over time for AFDC applicants and recipients randomly assigned to one of two experimental groups or to a control group not eligible for ESP services | AFDC payments and Unemployment Insurance earnings records for up to 18 months after random assignment | 2nd |
| PROCESS ANALYSIS | | | |
| Participant Flow Study | | | |
| What is the overall pattern of program participation?<br>What factors explain participation rates in different ESP components and observed differences among the local agencies? | Analysis of patterns of assignment to ESP services, and participation | Program administrative records, and interviews with staff | 1st, 2nd |
| How do different local environments affect implementation? | Study of the interaction between participation patterns and program design, institutional arrangements, administrative practices, and local conditions | Systematic observation, case file studies, interviews with program staff | 1st, 2nd |
| What is the content and administrative structure of the local Employment Services Program? | Study of staffing patterns and the control and delivery of program services | Systematic observation and interviews with program staff | 1st, 2nd |
| Worksite Study | | | |
| What is the quality of work experience worksites?<br>Do they develop employability or provide social benefits?<br>Do participants think the work requirement is fair and are they satisfied with their jobs? | Analysis of the characteristics of program worksites: Do they develop job skills? Do they provide useful goods and services? Do they provide psychological benefits? | Surveys conducted with supervisors and participants at a random sample of worksites | 1st, 2nd |
| Historical/Political Context Study | | | |
| What is the origin of the Employment Services Program, and what shaped its creation?<br>How may economic, historical and political factors affect replicability? | Case study | Periodic interviews with state, local, and other officials; published data and documents related to the AFDC, WIN, and Employment Services Programs | 1st |
| BENEFIT-COST ANALYSIS | | | |
| Does ESP lead to an increase or decrease in direct (budget) expenditures? | Estimation of the increment or decrement in operating costs (including administration costs and payments to institutions and participants for work-related expenses) for experimentals compared to the control group | State and local budgets; data on special payments and studies of staff time allocation | 2nd |
| Do program benefits exceed or fall below costs? | Estimation of the net present value of ESP services by comparing incremental costs and benefits | Cost data, program administrative records, impact estimates, and value of output estimates from the worksite study | 2nd |

NOTES: The first report refers to the Interim Findings From the Virginia Employment Services Program published in May 1985; the second report refers to this report.

design. All eligible applicants and recipients were randomly assigned to one of three groups:

- An experimental group eligible for all ESP services; or
- An experimental group eligible for only job search and work experience;[10] or
- A control group not eligible for any ESP services.

As seen in Chapter 2, random assignment ensured that experimental and control group members were similar in all measurable characteristics except the receipt of ESP services. Thus, any statistically significant differences in behavior after random assignment should result from differences in program treatment. Impacts were estimated by comparing the outcomes of the different groups.

3. The Benefit-Cost Analysis. This study assesses the net costs and benefits of ESP. In this analysis, net benefits will result primarily from increases in earnings and reductions in welfare and other transfer program payments -- benefits both observed in the study period and estimated by extrapolation -- to cover a total period of five years. Benefits and costs will be analyzed from several points of view with the main emphasis on the results for this welfare sample and the government budget.

## B. The Research Sample

The interim report on ESP focused on the 1,402 individuals randomly assigned to the program from August 1983 through February 1984. In contrast, this final report analyzes the full research sample -- those randomly assigned from August 1983 through September 1984. Included are 1,061 experimentals assigned to the Job Search/Work Experience group, 1,077 experimentals assigned to the All ESP Services group and 1,046 members of the control group.

Follow-up data on participation, employment, earnings and welfare receipt for all sample members were collected through August 1985, permitting the program activity and outcomes of the latest sample members to be tracked for a minimum of nine months after random assignment. Those enrolled in the sample at the earliest point were followed for 23 months.

## V. Key Findings From the First Report

The first report made it clear that, by allowing local agencies a fair degree of flexibility in operating ESP, the state presented them with a considerable challenge, one that was complicated by several factors. First, only a few months were available for planning before program start-up in January 1983, and consequently there was not enough time for agencies to institute innovative features. Second, resources were limited, particularly because of the federal WIN reductions nationwide in October 1982. Third, ESP was a complex model to operate, especially for staff who, for the most part, lacked experience in running employment programs. The first report found that, faced with these kinds of constraints, the local agencies generally opted for simplicity and management efficiency rather than innovative programming. They also hesitated to impose requirements. While staff clearly regarded job search as mandatory and generally implemented the activity that way, none of the agencies required participation in other components.

The applicant job search requirement was also implemented as planned; most women who were asked to provide proof of three employer contacts did so. The applications of those who failed to meet the requirement were usually denied. The searches did not, however, generally lead to employment.

The interim report also found that substantial numbers of women had also participated in recipient job search -- close to half. Most of these participants (34 percent) took part in individual job search, while the remaining 11 percent were involved in a group activity, usually workshops offered in the urban agencies.

Participation in post-job-search components, however, was low. The interim rate for work experience was only 6 percent, although this overall rate masked considerable variation, ranging from a low of 1 percent in the rural agencies to a high of 19 percent in Chesapeake. A primary constraint in the rural agencies was public transportation, but the most important factor in both rural and urban agencies, at least at the outset, was the attitudes of some staff toward unpaid work experience. No clear consensus had emerged about its value and, further, because staff did not want to alienate employers, the component was generally operated on a voluntary basis. Once participants reported that they liked working in the assigned jobs and supervisors registered satisfaction with their work, staff became more comfortable about assignment procedures and more confident about the component's usefulness for a wider range of people.

Participation rates in training and education were also low but fairly consistent across agencies. Unlike work experience, these activities were always voluntary. According to staff, assignments depended primarily on the interest of enrollees, their qualifications and their motivation to participate. Although more access to training offered by JTPA-funded providers might have encouraged participation, staff usually did not have time to pursue the linkages needed to set up referral channels.

The interim report also described the content of ESP activities. Participants in group job search activities received substantial amounts of guidance and instruction on job-seeking and employability skills: i.e., appropriate work habits and attitudes. Assistance was more limited in individual job search. In particular, staffs with large caseloads were not usually able to provide meaningful, individualized assistance when the women were first assigned. In the smaller communities, where caseloads were small and knowledge of the women often extended beyond the formal caseworker/enrollee relationship, ESP Workers were more likely to structure a woman's search and to follow up promptly when the end of the participation period was in sight.

A survey of 25 randomly selected participants in work experience positions suggested that most liked their jobs and felt it was fair to be asked to work. While the jobs generally required few skills -- and supervisors reported that participants already possessed most of them -- both participants and their supervisors regarded their work as important and necessary to the sponsoring agency. Supervisors also judged the majority of women to be as productive as, or more productive than, regular new employees. In cases where participants were initially judged deficient in skills, they had, according to their supervisors, improved to the point of adequacy by the time of the survey interview.

The interim report did not address the content of education and training programs. Since these were operated by a wide variety of organizations and agencies within each community, it was not possible within the scope of this research to document the way in which these services were delivered. The important point about these two components is the availability of these services to the residents of a community who qualify for them. This meant that a member of any research group, including controls, could take part in these activities if they wished to enroll on their own. This issue is discussed in greater detail in Chapters 3, 4 and 5.

## VI. The Current Report

Using a larger sample and a longer follow-up, this report updates the interim ESP participation patterns in all components and examines the program's success in mandating job search participation. In addition, the report explores two new process issues: the participation patterns of important subgroups, with emphasis on applicants and recipients; and participation based on the proportion of people who remained eligible throughout the period studied. This second analysis more precisely depicts the program's ability to reach the target population and judge program accomplishments.

The impact and benefit-cost analyses form the major focus of this report. Short- and longer-term employment and welfare effects and estimates of benefits and costs over five years are presented for both the full sample and an early portion of the full sample, as well as for applicants and recipients and other subgroups based on degree of disadvantage. As will be discussed in Chapter 2, the fact that the existing WIN-mandatory caseload is part of the sample makes this study one of particular interest in MDRC's Demonstration of State Work/Welfare Initiatives.

The report is organized as follows: Chapter 2 discusses the research design, sample and data sources. Chapter 3 presents participation patterns, while Chapter 4 describes the short- and longer-term impacts. Chapter 5 discusses findings on the benefits of the program relative to its costs.

# CHAPTER 2

## RESEARCH DESIGN, RESEARCH SAMPLE AND DATA SOURCES

### I. Introduction

This chapter describes the research design, the research sample and the data sources used in the evaluation. The sample will receive particular attention since the early segment represents the WIN-mandatory caseload[1] in Virginia, which makes up about one-third of the total AFDC state caseload. As such, the sample includes a broader range of the welfare population than is usually under study in the state employment programs in MDRC's Work/Welfare Demonstration.

ESP was designed to involve most of the WIN-mandatory caseload in program services, especially job search: WIN-mandatory applicants approved for welfare, WIN-mandatory recipients currently in the caseload, and recipients newly determined WIN-mandatory (usually because their youngest child had become school-age).[2] Individuals excluded from the research sample -- not only all of the men but also several groups of women -- are discussed in Section IV.

All of the local agencies designated their existing caseloads for random assignment as quickly as possible. Applicants and newly determined WIN-mandatory recipients were randomly assigned at a more or less even rate throughout the sample intake period. Thus, the majority of people entering the sample between August 1983 and March 1984 (over two-thirds) were on-board recipients, including many who had been on welfare for some time. In contrast, most of the women enrolled between April and September 1984 were either new applicants or recipients recently determined WIN-mandatory. As a result, program impacts for the early research sample -- i.e., those who entered the full sample first -- will be of particular interest since this group contains such a large proportion of longer-term welfare recipients.

## II. The Research Design

As explained in Chapter 1, the ESP model provided job search, work experience, and education and training services. The evaluation of this model used an experimental design in which members of the research sample were randomly assigned to one of two experimental groups -- both of which were to receive a certain sequence of ESP services -- or to a control group, whose members could receive other services but were not eligible for ESP. However, enrollees assigned to any of the research groups -- including the control group -- could enroll in education and training services since these were not operated by ESP but were available on a community-wide basis.

The inclusion of a control group in the research design was critical in assessing program effects since outcomes (i.e., job placements, departures from welfare) might not all have been due to the program. Other research has shown that a significant proportion of AFDC recipients find jobs and leave welfare on their own in any given period.[3] Thus, what happened to the control group is an indication of what would have happened to enrollees without any ESP services.[4] The difference in outcomes between the experimental groups (eligible for the program) and the control group (not eligible) will reveal the program effects.[5]

The research plan called for gathering data on members of all research groups on a series of outcome measures: proportion employed, average earnings, proportion receiving welfare benefits and average welfare payments. Program impacts were calculated as a set of ordinary least squares regression equations.[6] The tables in this report indicate whether program effects on employment, earnings and welfare were statistically significant at the 1, 5 or 10 percent level, with each level indicating how small the probability was that a given experimental-control difference would have occurred by chance.

The two experimental groups formed to examine the effects of different combinations of ESP services were:

- The Job Search-Work Experience group, which received individual or group job search, followed sometimes by unpaid work experience in a government agency or not-for-profit organization.
- The All ESP Services group, which also received individual or group job search. This could be followed by work experience and/or referral to an approved education or training program, including Adult Basic Education, preparation for the GED, vocational education or JTPA-funded activities.

Comparison of the outcomes of each of the two ESP service sequences with members of the control group was expected to reveal the effects of each combination separately. The validity of the results would depend on whether members of the two experimental groups received the different service components in sufficient numbers.

As will be discussed in Chapter 3, participation levels in the different activities did not in fact differ to the degree expected, with members of the Job Search-Work Experience group apparently enrolling in education and training services on their own. As a result, the levels of involvement of the two groups were too similar to justify separate analysis of the two sequences. (Services to controls are discussed in Chapters 4 and 5.) This final analysis thus combined data for members of the Job Search-Work Experience and the All ESP Services groups so that the outcomes of one pooled experimental group were compared to those of the entire control group. (Nevertheless, to ascertain if participation and impacts differed by experimental group, the original analysis was carried out. Its findings are briefly described when relevant in sections of Chapters 3, 4 and 5.)

## III. The Process of Entering the Research Sample

Figure 2.1 traces the process through which the three research groups entered the sample.

### A. WIN-Mandatory Applicants

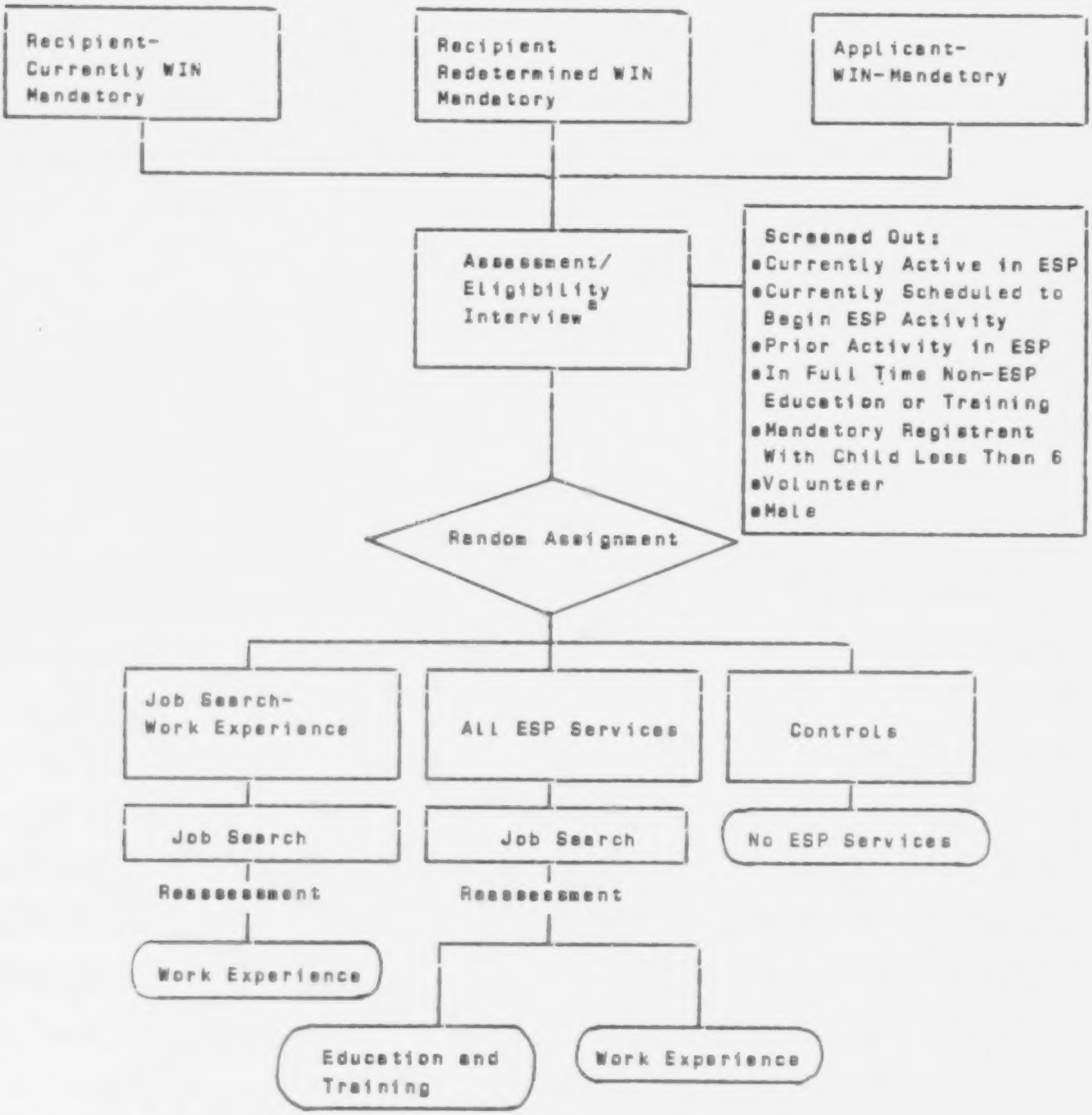
During the initial welfare eligibility interview, intake workers identified applicants who were WIN-mandatory and did not fall into the categories to be excluded from the research sample. (See Section IV.) The workers explained that ESP registration was a condition of receiving welfare, described the program and the MDRC evaluation. Applicants then signed a statement which affirmed their understanding of the program and the requirement. Only after this registration process was the applicant considered an ESP enrollee.[7]

Random assignment to one of the research groups occurred during this initial interview. Staff members called MDRC for a computer-generated research code.[8] Intake workers informed those assigned to one of the two experimental groups that, as a condition of welfare approval, they had to

FIGURE 2.1

VIRGINIA

RESEARCH DESIGN FOR THE EVALUATION OF THE EMPLOYMENT SERVICES PROGRAM


Recipient-
Currently WIN
Mandatory
Recipient
Redetermined WIN
Mandatory
Applicant-
WIN-Mandatory
Assessment/
Eligibility
Interview[a]
Screened Out:
•Currently Active in ESP
•Currently Scheduled to Begin ESP Activity
•Prior Activity in ESP
•In Full Time Non-ESP Education or Training
•Mandatory Registrant With Child Less Than 6
•Volunteer
•Male
Random Assignment
Job Search-
Work Experience
All ESP Services
Controls
Job Search
Job Search
No ESP Services
Reassessment
Reassessment
Work Experience
Education and
Training
Work Experience

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[a] This interview was an ESP assessment for recipients who were WIN-mandatory at random assignment; a welfare eligibility determination interview for those redetermined WIN mandatory at random assignment; and an eligibility intake interview for applicants.

first participate in an ESP activity known as "applicant job search": that is, they had to submit proof of contact with three employers during the period between application and welfare determination. (Potential employers had to sign Applicant Job Search forms.) Applicants did not and, in fact, could not participate in any of the regular ESP components until their applications were approved.

In Virginia, applications for AFDC welfare must be acted on by the local agencies within 45 days. After the decision, the files of the approved applicants assigned to one of the two experimental groups were transferred to an Employment Service Worker on ESP staff, who contacted the enrollee for service assessment.

### B. Recipients Determined WIN-Mandatory

Recipients whose status was about to change from WIN-voluntary to WIN-mandatory were interviewed first by an eligibility officer in what is known as a redetermination interview and, then, as in the case of all other ESP enrollees, by an Employment Services Worker for service assessment. (Newly determined WIN-mandatory recipients could be randomly assigned during either interview, with the eligibility officer making the decision.) During the redetermination interview, recipients were registered with ESP, signed a consent form and received an explanation of the program.

Members of the experimental groups learned more about the ESP components in their assessment interviews with the ESP Workers. Those assigned to individual job search were given forms on which to record their employer contacts, while those going to group job search were told the date of their first class. Experimentals not assigned to these activities were placed in a pending category.

### C. On-Board Recipients

On-board WIN-mandatory recipients eligible for the sample included women who had not as yet been registered and assessed by an ESP Worker, as well as those who had been registered and assessed between January and August 1983 (some of whom had already participated in individual or group job search since the program's inception in January). Women in the first group were randomly assigned during their assessment interviews, while women in the second group went to a reassessment interview for random assignment. As in the case of other experimentals, those assigned to an experimental group were given either individual job search employer contact forms, scheduled for group job search, or placed in the pending category.

### D. The Schedule of Random Assignment

Random assignment was scheduled to begin in August 1983 and continue through September 1984. (See Table 2.1.) While the process proceeded smoothly, the agency start-up dates differed, as did their timing in assigning their current WIN-mandatory caseloads. Most agencies began in September but two of the urban agencies, Fairfax and Chesapeake, waited until October. And, while all of the agencies phased in the caseload in a relatively short period of time, Newport News assigned nearly 40 percent of its caseload in the first two months.[9] In fact, almost 90 percent of all enrollees who entered the research sample in these two months had been randomly assigned at one of the three Newport News offices.

The pace of random assignment in the other offices accelerated between October and December. Thirty-five percent of all enrollees (1,118) were assigned during these months, with five of the rural agencies, along with Newport News, completing this process for a majority of their individuals

## TABLE 2.1

## VIRGINIA

## DISTRIBUTION OF THE RESEARCH SAMPLE, BY MONTH OF RANDOM ASSIGNMENT AND WELFARE STATUS
## (AUGUST 1983 - SEPTEMBER 1984 SAMPLE)

| | Applicants | | Recipients | | Total | |
|---|---|---|---|---|---|---|
| Month | Number | Cumulative Percent | Number | Cumulative Percent | Number | Cumulative Percent |
| August 1983 | 22 | 1.7 | 159 | 8.4 | 181 | 5.7 |
| September | 46 | 5.3 | 150 | 16.3 | 196 | 11.8 |
| October | 124 | 14.9 | 322 | 33.3 | 446 | 25.8 |
| November | 122 | 24.4 | 285 | 48.3 | 407 | 38.6 |
| December | 99 | 32.1 | 166 | 57.0 | 265 | 47.0 |
| January 1984 | 126 | 41.9 | 183 | 66.7 | 309 | 56.7 |
| February | 106 | 50.1 | 185 | 76.4 | 291 | 65.8 |
| March | 100 | 57.9 | 107 | 82.1 | 207 | 72.3 |
| April | 99 | 65.6 | 101 | 87.4 | 200 | 78.6 |
| May | 92 | 72.7 | 84 | 91.8 | 176 | 84.1 |
| June | 85 | 79.3 | 47 | 94.3 | 132 | 88.3 |
| July | 93 | 86.6 | 45 | 96.7 | 138 | 92.6 |
| August | 102 | 94.5 | 32 | 98.4 | 134 | 96.8 |
| September | 71 | 100.0 | 31 | 100.0 | 102 | 100.0 |
| Total | 1287 | | 1897 | | 3184 | |

SOURCE: Tabulations from MDRC Client Information Sheets.

by the end of the year. By January 1984, 1,495 or 47 percent of the research sample had been randomly assigned.

The process slowed down from then on. By the end of March, an additional 807 people (or 25 percent) entered the sample. At this point, most of the existing caseload had been assigned. From April through the end of random assignment in September, most people entering the sample (another 28 percent) were applicants and newly determined WIN-mandatory recipients.

## IV. The Research Sample

The research sample formed by random assignment contained 1,287 applicants and 1,897 recipients, a total of 3,184 people or about 54 percent of the WIN-mandatory caseload in the 11 urban and rural agencies included in the ESP demonstration.

As noted previously, some portions of the welfare caseload were excluded from the sample during a screening process in the assessment interview. Males were excluded because their labor market behavior was expected to differ significantly from that of women. (Their numbers were also so small that it seemed unlikely that this group could be analyzed separately.) Certain groups of women were excluded because they were judged unlikely to participate in an ESP component other than job search: i.e., those who had previously taken part in ESP work experience, education or training programs; those who were already enrolled in full-time education and training programs; and WIN-mandatory recipients with children younger than six.[10] Volunteers were excluded partly because their demographic characteristics, background and motivation were expected to differ from those of the rest of the sample members. In addition, agency staff did not want to deny them ESP services through possible random assignment to the control group.

Table 2.2 shows that in total, about 46 percent of all those screened for entry into ESP were excluded from the research sample and placed into a non-research group during interviews by ESP Workers. Table A.1 describes the reasons for their exclusion.[11] Nearly 60 percent were parents of children under six years of age; another 14 percent were already in full-time education or training programs. About 9 percent were volunteers. The demographic profile in Table A.2 shows that the non-research group tended to be younger and better educated than the research sample, and that on average its members had lower earnings during the year prior to random assignment.

### A. Characteristics of the Full Sample

Random assignment succeeded in generating three research groups whose members were similar in background characteristics and life experiences.[12] (See Table A.3.) By definition, they were single female heads of household, with blacks predominating in all groups. As shown in Table 2.3, the average sample member was in her early thirties and had two children. Typically, she faced significant barriers to employment, having not completed high school or worked during the previous year. She also had been on welfare for more than two years. (Table 2.3 also describes the demographic characteristics of the sample by agency.)

### B. Subgroup Samples

Research findings based on the full sample may mask significant variation. Separate analysis of important subgroups helps to determine whether

## TABLE 2.2

## VIRGINIA

## SAMPLE ENROLLMENT BY RESEARCH STATUS, LOCAL AGENCY, AND PERIOD OF RANDOM ASSIGNMENT (AUGUST 1983-SEPTEMBER 1984 SAMPLE)

| | Research Sample | | | | Non-Research Sample | |
|---|---|---|---|---|---|---|
| Agency and Period of Random Assignment | Job Search-Work Experience | All ESP Services | Controls | Total | Not Randomly Assigned | Percent Not Randomly Assigned |
| **Fairfax** | | | | | | |
| August 1983 - March 1984 | 142 | 146 | 142 | 430 | 350 | 44.9 |
| April - September 1984 | 82 | 84 | 80 | 246 | 250 | 50.4 |
| Total | 224 | 230 | 222 | 676 | 600 | 47.0 |
| **Newport News** | | | | | | |
| August 1983 - March 1984 | 228 | 234 | 230 | 692 | 651 | 48.5 |
| April - August 1984 | 65 | 60 | 58 | 183 | 148 | 44.7 |
| Total | 293 | 294 | 288 | 875 | 799 | 47.7 |
| **Hampton** | | | | | | |
| August 1983 - March 1984 | 113 | 118 | 113 | 344 | 326 | 48.7 |
| April - September 1984 | 43 | 46 | 44 | 133 | 156 | 54.0 |
| Total | 156 | 164 | 157 | 477 | 482 | 50.3 |
| **Chesapeake** | | | | | | |
| August 1983 - March 1984 | 118 | 119 | 114 | 351 | 357 | 50.4 |
| April - September 1984 | 45 | 41 | 44 | 130 | 204 | 61.1 |
| Total | 163 | 160 | 158 | 481 | 561 | 53.8 |
| **Rural Agencies** | | | | | | |
| August 1983 - March 1984 | 161 | 164 | 160 | 485 | 211 | 30.3 |
| April - September 1984 | 64 | 65 | 61 | 190 | 79 | 29.4 |
| Total | 225 | 229 | 221 | 675 | 290 | 30.1 |
| **All Agencies** | | | | | | |
| August 1983 - March 1984 | 762 | 781 | 759 | 2302 | 1895 | 45.2 |
| April - September 1984 | 299 | 296 | 287 | 882 | 837 | 48.7 |
| Total | 1061 | 1077 | 1046 | 3184 | 2732 | 46.2 |

SOURCE: Tabulations from MDRC Client Information Sheets and random assignment telephone logs.

## TABLE 2.3

## VIRGINIA

## SELECTED CHARACTERISTICS OF THE RESEARCH SAMPLE AT THE TIME OF RANDOM ASSIGNMENT, BY LOCAL AGENCY

## (AUGUST 1983 - SEPTEMBER 1984 SAMPLE)

| Characteristic | Fairfax | Newport News | Hampton | Chesapeake | Rural Agencies | Total |
|---|---|---|---|---|---|---|
| **AFDC Status (%)** | | | | | | |
| Applicant | 52.2 | 40.7 | 39.4 | 23.9 | 40.7 | 40.4*** |
| Recipient | 47.8 | 59.3 | 60.6 | 76.1 | 59.3 | 59.6*** |
| **Age (%)** | | | | | | |
| Less Than 19 Years | 0.9 | 2.3 | 1.3 | 2.5 | 2.8 | 2.0* |
| 19-24 Years | 5.6 | 11.5 | 2.7 | 5.0 | 5.1 | 6.6*** |
| 25-34 Years | 50.6 | 48.7 | 49.7 | 48.0 | 46.8 | 49.0 |
| 35-44 Years | 32.2 | 28.6 | 35.2 | 33.3 | 33.0 | 31.4*** |
| 45 Years or More | 10.7 | 8.9 | 11.2 | 11.2 | 12.3 | 10.9 |
| **Average Age (Years)** | 33.8 | 32.5 | 34.5 | 33.9 | 34.0 | 33.6*** |
| **Ethnicity (%)** | | | | | | |
| White, Non-Hispanic | 42.8 | 16.5 | 21.4 | 29.8 | 54.2 | 32.8*** |
| Black, Non-Hispanic | 45.8 | 82.3 | 76.5 | 69.6 | 45.6 | 64.0*** |
| Hispanic | 3.9 | 0.5 | 1.3 | 0.2 | 0.0 | 1.2*** |
| Other | 7.5 | 0.7 | 0.8 | 0.4 | 0.1 | 2.0*** |
| **Degree Received (%)** | | | | | | |
| None | 52.9 | 53.2 | 47.8 | 57.7 | 68.8 | 56.3*** |
| General Equivalency Degree | 9.0 | 6.7 | 10.5 | 9.6 | 6.5 | 8.1** |
| High School Diploma | 38.1 | 40.1 | 41.8 | 32.7 | 24.7 | 35.6*** |
| **Average Highest Grade Completed** | 10.8 | 10.8 | 10.7 | 10.4 | 9.8 | 10.5*** |
| **Currently in School (%)** | 8.2 | 9.2 | 3.4 | 3.1 | 2.4 | 5.8*** |
| **Marital Status (%)** | | | | | | |
| Never Married | 30.7 | 35.1 | 32.3 | 30.4 | 26.2 | 31.1*** |
| Married, Living With Spouse | 6.0 | 4.7 | 3.6 | 3.3 | 16.4 | 7.1*** |
| Married, Not Living With Spouse | 34.7 | 35.1 | 37.1 | 42.3 | 31.5 | 35.7*** |
| Divorced/Widowed | 28.7 | 25.0 | 27.0 | 24.0 | 25.9 | 26.1 |
| **Average Number of Children** | | | | | | |
| Less Than 6 Years | 0.11 | 0.24 | 0.02 | 0.03 | 0.14 | 0.13*** |
| 6 to 12 Years | 1.00 | 0.92 | 1.03 | 1.09 | 1.02 | 1.00** |
| 13 to 18 Years | 0.65 | 0.70 | 0.78 | 0.79 | 0.71 | 0.72* |
| **Prior AFDC Dependency (%)** | | | | | | |
| Never on AFDC | 16.0 | 9.8 | 8.6 | 9.2 | 15.8 | 12.1*** |
| Two Years or Less | 31.3 | 27.8 | 20.6 | 35.0 | 25.6 | 28.1*** |
| More Than Two Years | 52.7 | 62.4 | 70.8 | 55.8 | 58.6 | 59.8*** |
| **Average Months on AFDC During Two Years Prior to Random Assignment** | 12.9 | 15.2 | 15.7 | 14.1 | 13.5 | 14.3*** |
| **Average Months Unable to Work Due to Medical Problems During Two Years Prior to Random Assignment** | 1.6 | 1.7 | 2.1 | 2.5 | 1.5 | 1.8*** |
| **Average Months in School or Training During Two Years Prior to Random Assignment** | 1.5 | 2.0 | 1.9 | 1.4 | 0.8 | 1.5*** |

(continued)

TABLE 2.3 (continued)

| Characteristic | Fairfax | Newport News | Hampton | Chesapeake | Rural Agencies | Total |
|---|---|---|---|---|---|---|
| Average Months Looking for Work During Two Years Prior to Random Assignment | 4.3 | 5.5 | 5.1 | 5.3 | 5.3 | 5.1** |
| Held Job at Any Time During Four Quarters Prior to Random Assignment (%)[a] | 48.1 | 38.4 | 33.1 | 31.9 | 27.6 | 36.7*** |
| Held Job During Quarter Prior to Random Assignment (%)[a] | 33.7 | 27.4 | 24.3 | 20.6 | 19.4 | 26.6*** |
| Average Earnings During Four Quarters Prior to Random Assignment ($)[a] | 1772.37 | 1088.58 | 1083.64 | 887.25 | 829.43 | 1167.56*** |
| Average Earnings During Quarter Prior to Random Assignment ($)[a] | 506.45 | 272.83 | 289.64 | 215.72 | 236.60 | 306.75*** |
| Held Job at Any Time in Two Years Prior to Random Assignment (%) | 60.8 | 47.7 | 56.6 | 46.6 | 40.5 | 50.2*** |
| For Longest Job Held in Past Two Years[b] 00 | | | | | | |
| Overage Hourly Wage Rate ($) | 4.53 | 3.66 | 3.66 | 3.72 | 3.55 | 3.87*** |
| Average Weekly Hours | 30.5 | 28.2 | 29.5 | 29.6 | 31.8 | 29.9*** |
| Duration of Job (Months) | 17.8 | 16.2 | 16.4 | 16.4 | 17.5 | 17.9 |
| Total Sample[c] | 676 | 875 | 477 | 481 | 675 | 3184 |

SOURCE: Calculations from MDRC Client Information Sheets and Unemployment Insurance earnings records from the Commonwealth of Virginia.

NOTES: Distributions may not add exactly to 100.0 percent because of rounding.

[a] Calculated from Unemployment Insurance earnings records from the Commonwealth of Virginia.

[b] For questions concerning longest job, sample sizes are based on the number of experimentals who reported a longest job on the Client Information Sheet. Due to missing data for selected characteristics, these sample sizes vary as follows: 423-424 for Fairfax; 432-441 for Newport News; 262-266 for Hampton, 228-229 for Chesapeake and 283-285 for the Rural Agencies.

[c] For selected characteristics, sample sizes may vary up to 27 sample points due to missing data.

Differences across agencies are statistically significant using a two-tailed t-test or chi-square test at the following levels: * = 10 percent; ** = 5 percent; *** = 1 percent.

certain categories of people benefited more or less from the program than others. This section discusses the principal subgroups analyzed and the reasons for selecting these groups.

1. Applicants and Recipients. Throughout the following chapters, findings will be reported for the full research sample and for applicants and recipients separately. The reasons for a separate focus on these subgroups are threefold. First, applicants and recipients entered the research sample in different proportions at different times throughout a year-long study period so that, depending on the time period examined, their measures of participation or outcomes could differ. For instance, a sample enrolled in the early months of the program was analyzed to determine longer-term program impacts, and this sample was largely composed of recipients from the existing caseload. Their behavior was quite different from that of the later sample.

Second, prior research suggests that the labor market behavior of applicants and recipients differs, partly because of their different educational backgrounds, prior work history and the extent of their welfare dependency. As seen in Table 2.4, over a quarter of the applicants had never been on welfare, and those who had received it previously had stayed on the rolls a shorter time than recipients. The proportion of applicants who had held a job during the year prior to random assignment (57.2 percent) was more than twice as large as that of recipients (22.9 percent), and applicant earnings during this period ($2,291.22) far exceeded the recipient average ($406.41). Applicants also were more likely than recipients to have received a high school degree or its equivalent (50.9

## TABLE 2.4

## VIRGINIA

## SELECTED CHARACTERISTICS OF THE RESEARCH SAMPLE AT THE TIME OF RANDOM ASSIGNMENT, BY WELFARE STATUS (AUGUST 1983 - SEPTEMBER 1984 SAMPLE)

| Characteristic | Applicants | Recipients |
|---|---|---|
| Local Agency (%) | | |
| Fairfax | 27.4 | 17.0*** |
| Newport | 27.7 | 27.4 |
| Hampton | 14.6 | 15.2 |
| Chesapeake | 8.9 | 19.3*** |
| Rural Agencies | 21.4 | 21.1 |
| Average Age (Years) | 33.0 | 34.0*** |
| Ethnicity (%) | | |
| White, Non-Hispanic | 41.7 | 26.8*** |
| Black, Non-Hispanic | 55.0 | 70.1*** |
| Hispanic | 1.5 | 1.0 |
| Other | 0.2 | 0.1[d] |
| Degree Received (%) | | |
| None | 49.1 | 61.2*** |
| General Equivalency Diploma | 8.4 | 8.0 |
| High School Diploma | 42.5 | 30.8*** |
| Prior AFDC Dependency (%)[a] | | |
| Never on AFDC | 26.2 | 2.6*** |
| Two Years or Less | 31.6 | 25.7*** |
| More Than Two Years | 42.3 | 71.7*** |
| Held Job at Any Time During Four Quarters Prior to Random Assignments (%)[b] | 57.2 | 22.9*** |
| Average Earnings During Four Quarters Prior to Random Assignment ($)[b] | 2291.22 | 406.41*** |
| Total Sample[c] | 1287 | 1897 |

SOURCE: Calculations from MDRC Client Information Sheets and UI earnings records the Commonwealth of Virginia.

NOTES: Distributions may not add exactly to 100.0 percent because of rounding.

(continued)

TABLE 2.4 (continued)

[a] Length of AFDC dependency is self-reported. Because of inaccurate answers or recording errors, percentages displayed here only approximate actual length of prior AFDC receipt.

[b] Calculated from Unemployment Insurance earnings records from the Commonwealth of Virginia.

[c] For selected characteristics, sample sizes may vary up to 8 sample points due to missing data.

[d] Chi-square test inappropriate due to low expected cell frequencies.

Differences between welfare statuses are statistically significant using a two-tailed t-test or chi-square test at the following levels: * = 10 percent; ** = 5 percent; *** = 1 percent.

percent versus 38.8 percent). Many applicants thus possessed at least minimum job market credentials, and this spell of welfare might have been only temporary support.[13]

Third, the different enrollment procedures for applicants and recipients might have influenced participation levels. Applicants went through two extra steps before their assessment and assignment to an ESP component: completion of applicant job search and grant approval. At each point, particularly the second, some applicants left the program, about 32 percent because their grants had not been approved. In contrast, most recipients were randomly assigned during their assessment interviews -- a point much closer to ESP participation.

2. Earlier and Later Enrollees. Enrollees were also subdivided into two groups depending on when they entered the research sample. The first group was the early sample -- those enrolled from August 1983 through the end of March 1984; the second, those randomly assigned from April to September 1984. (See Tables A.4 and A.5.) The earlier group of enrollees represented 72 percent of the full research sample -- 82 percent of all recipients and 58 percent of all applicants. (See Table 2.1.) In contrast, applicants made up the majority of the group that entered after April 1, 1984. The early sample, with its large proportion of on-board recipients, not only represents the WIN-mandatory caseload, but also is an important source of information on longer-term impacts. Follow-up for this group was six quarters, or 18 months, after random assignment in contrast to four quarters, or one year, for the full sample.

Analysis of the separate samples, in addition, allowed the examination of any impact differences that could have been caused by a change in program operations or the labor market, both of which could affect the type of enrollees entering the research sample. For example, in August 1983, Virginia's unemployment rate was 5.2 percent and in September 1984, it was 4.4 percent. (See Table A.6.) The passage of new welfare regulations or changes in how local agencies screened the welfare caseload also might have influenced participation and outcomes.

3. Variation By Local Agency. Differences between local agencies, some related to urban and rural location, might have resulted in different impacts. Virginia has a strong tradition of local autonomy, which is reflected in the relatively high degree of operational discretion given the separate agencies. Staffs could adopt different administrative procedures and vary the content of services within broad guidelines, as well as the requirements of each. The quality of the services could also differ, in addition to staff attitudes and qualifications, and political and economic climates. (See Chapter 3 for a discussion of program implementation.)

As noted in Chapter 1, the 11 agencies in the demonstration included large cities, small towns and rural areas. Table 2.3 shows that the majority of enrollees in rural areas were white, while the four urban areas enrolled primarily blacks (although racial composition did vary considerably in the urban agencies). Higher proportions of urban than rural enrollees had held a job during the year prior to random assignment and had graduated from high school or received a GED (although, once again, significant variation characterized the urban agencies). Since individuals from urban areas constituted nearly four-fifths of the research sample, sample characteristics as a whole largely reflect their experiences.

The demand for labor in a region may influence the ability of welfare recipients to find jobs. Table A.6 demonstrates that unemployment rates, which provide a strong indicator of the demand for labor, differed considerably among the 11 areas studied. Average unemployment rates ranged from a low of 2.7 percent in Fairfax County to a high of 9.3 percent in Grayson County during the two years covered in this report.

In Virginia, welfare regulations determining the maximum amount of welfare grants according to family size varied by region. Payment standards were based on calculations of the cost of basic necessities in local areas, reflecting an effort to equalize the living standards of welfare recipients throughout the state. Thus, differences in the availability and amount of welfare payments could influence decisions about whether to apply for welfare, remain on welfare or to seek employment.

Table 2.5 shows the three levels of payment standards within the state. As of July 1984, a family of three in Fairfax and Hampton counties (Group III) could receive a maximum of $327 per month, compared to $269 in counties in Group II and $245 in Group I. The variation among payment standards was greater for smaller than for larger families.

4. Additional Subgroups. One of the purposes of evaluating an employment program targeted to hard-to-employ persons is to determine whether the program did in fact benefit those who faced serious barriers to employment. Chapter 4 will address this issue by examining program impacts for subgroups who differed in characteristics that are usually used to define level of employability: prior work experience, extent of previous welfare dependency, educational level and family size.

## TABLE 2.5

## VIRGINIA

## VARIATIONS OF DOLLAR AMOUNTS FOR PAYMENTS STANDARDS, BY FAMILY SIZE, AGENCY AND YEAR

### PAYMENT STANDARD

| Family Size | Group I[a] | | Group II[b] | | Group III[c] | |
|---|---|---|---|---|---|---|
| | July 1980 | July 1984 | July 1980 | July 1984 | July 1980 | July 1984 |
| One Person | 115 | 121 | 138 | 145 | 193 | 203 |
| Two | 181 | 191 | 203 | 214 | 258 | 272 |
| Three | 233 | 245 | 255 | 269 | 310 | 327 |
| Four | 283 | 298 | 305 | 321 | 360 | 379 |
| Maximum | 353 | 372 | 381 | 402 | 453 | 478 |

SOURCE: Calculations from the Commonwealth of Virginia Grant Eligibility and Procedures Manual.

NOTES: Payment Standard is defined as the amount of benefits a family of a certain size would receive if the family has no earned or unearned income and there are no required adjustments reflecting prior underpayments, overpayments, or pro-rations (for example, if a family was not eligible for the entire month).

[a] Group I consists of Campbell, Carroll, Galax, Grayson, Henry, and Pittsylvania.

[b] Group II consists of Chesapeake, Martinsville, and Newport News.

[c] Group III consists of Fairfax and Hampton.

## V. Research Samples for the Different Analyses

The three analyses in this report -- process, impact and benefit-cost -- used somewhat different research samples and follow-up periods. The process sample included 3,184 people -- the full research sample -- who were followed for nine months. An early part of this sample was tracked for six additional months, for a total of 15 months of data.

The impact sample in Chapter 4 consisted of 3,182 people: i.e., the full research sample except for two controls who did not have Social Security numbers. This sample was followed for 12 months after random assignment. An additional six months of data were available for the early portion of the full sample, as discussed previously, for a total of 18 months in follow-up to determine longer-term trends.

The benefit-cost study (Chapter 5) is also based on the full sample, but makes use of all available follow-up. For example, in the case of earnings data, the earliest enrollees have data for seven quarters subsequent to the quarter of random assignment, while the latest enrollees have only three follow-up quarters.

Because of the variety of data sources needed to estimate program costs, certain calculations in the benefit-cost analysis were performed on randomly selected subsamples from the group of 2,810 experimentals and controls who entered the research sample between August 1983 and June 1984. Subsample sizes ranged from 111 individuals for determining the cost of the work experience component to 1,758 individuals for calculating the cost of support services. A total of 2,446 experimentals and controls were involved in at least one subsample. All data gathered from the subsamples were weighted according to the distribution of experimentals and controls, as well as to the distribution of applicants and recipients, within each agency.

## VI. Sources of Data

The analyses of participation, welfare and employment outcomes, as well as benefits and costs, drew on a variety of data sources.

Client Information Sheets (CIS), designed by MDRC, constituted the primary source of demographic data about the research sample. Applicants answered the CIS questions during eligibility interviews by intake workers, and recipients also did so during assessments with ESP staff.

The Virginia Client Information System (VACIS) maintained by all but one of the 11 agencies provided data used to track program activities and monthly AFDC grants[14] until the end of data collection in September 1985. VACIS was modified for the evaluation to include data on both assignment to program activities and participation. However, since ESP staff tended to report assignments more accurately than participation, the decision was made to use assignment data to track enrollees' involvement in activities. While not all people assigned to an activity actually participate, quality control checks revealed that assignment rates were somewhat under-reported in VACIS and therefore approximated quite closely the participation rates reported in individual case files. However, because Newport News had very different job club assignment and participation rates, state staff checked the case files of those assigned to the clubs to look for actual participation.

All local agencies except Fairfax County entered program tracking data and AFDC Program records into the VACIS system. Fairfax County submitted

AFDC data from its own system to MDRC.[15] For tracking data in this agency, MDRC collected program records for a random subsample of members in the two experimental groups (183 of the 454 experimentals) and entered them into the computerized analysis file used for this report.[16]

The Commonwealth of Virginia Unemployment Insurance System contains data on earnings and UI benefits.[17] MDRC collected data on earnings from a year prior to random assignment until the end of June 1985. Records of UI benefits covered the period from January 1982 through August 1985.

For all of the sources described above, Table 2.6 shows the length of follow-up data available for participation, AFDC payments, earnings and UI benefits according to the period of random assignment. Other sources of data, however, were necessary as well, particularly in the benefit-cost analysis. To calculate costs, MDRC consulted fiscal records from local agencies, enrollment records from schools and community colleges, the Virginia JTPA information system, and state data on the administrative costs of transfer programs such as Medicaid, Food Stamps, AFDC and Unemployment Insurance.

MDRC also conducted interviews (between March 1984 and February 1985) with a random subsample of 47 participants in work experience and their 47 supervisors. The survey instrument was the same one used in other states in MDRC's Demonstration of State Work/Welfare Initiatives where the programs included structured work experience. Interviews with participants lasted about 45 minutes and covered their understanding of the mandatory character of the program, their level of satisfaction with the assignments, their assessment of the usefulness of the experience, and their judgment of the equity of the work-for-benefits approach. Hour-long interviews with

## TABLE 2.6

## VIRGINIA

## LENGTH OF AVAILABLE FOLLOW-UP, BY RANDOM ASSIGNMENT PERIOD AND DATA SOURCE

| Period of Random Assignment | Months (Quarters) of Available Data On: | | | | Sample Size |
|---|---|---|---|---|---|
| | AFDC Payments[a] | Program Tracking[b] | Quarters Earnings[c] | UI Benefits[a] | |
| August-September 1983 | 25 - 26 | 21 - 22 | 8 | 24 - 25 | 377 |
| October-December 1983 | 22 - 24 | 18 - 20 | 7 | 21 - 23 | 1118 |
| January-March 1984 | 19 - 21 | 15 - 17 | 6 | 18 - 20 | 807 |
| April-June 1984 | 16 - 18 | 12 - 14 | 5 | 15 - 17 | 508 |
| July-September 1984 | 13 - 15 | 9 - 11 | 4 | 12 - 14 | 374 |
| Months (Quarters) of Available Follow-Up[d] | 12 | 9 | 3 | 12 | |

NOTES: [a] For UI Benefits and AFDC Payments, month 1 is defined as the month in which random assignment occurs.

[b] For Program Tracking, month 1 begins on the day of random assignment; month 2 begins 31 days later.

[c] Earnings data is referred to in calendar quarters; quarter 1 is the quarter in which random assignment occurs.

[d] Months of available follow-up refers to the maximum amount of follow-up data available for all enrollees.

supervisors provided information about productivity of the participants, the importance of the assignment to the operation of the worksite, as well as their assessment of the Employment Services Program and its staff.

Qualitative research sources also informed the analysis. MDRC conducted interviews with state and local agency staffs, examined program documents, and observed implementation of the program during site visits. For information about the background of ESP, MDRC interviewed state officials and representatives of agencies and organizations that contributed to the development of ESP and also examined operating guidelines and legislative documents.

## VII. Analysis Issues

Clarification of the different ways in which AFDC payments and UI earnings are recorded and the consequences of these differences for quarterly outcome measures will facilitate understanding of the analysis of program impacts in Chapter 4. As stated previously, AFDC payments are reported monthly, but earnings are reported by calendar quarters (for example, January through March). The month of random assignment could therefore be any one within the three-month period, with the quarter of random assignment sometimes including up to two months of data prior to sample entry. Thus, the quarter of random assignment throughout this report is not a true follow-up quarter for employment and earnings impacts. In contrast, since welfare data are reported monthly and aggregated into three-month time periods beginning with the month of random assignment, the first follow-up quarter is a true impact quarter for welfare outcomes. As a result of these reporting differences, quarterly data for welfare and employment outcomes do not usually cover the same time periods.

Another issue is that, in some instances, the use of the UI data system underestimates total earnings because of unreported earnings and reporting lags. UI earnings records do not include off-the-books earnings, or earnings for people who have moved or who work out of the state. In addition, employers may not report earnings for some workers, particularly domestic workers. Despite these issues, there should not be any major biases since experimentals and controls should have been affected to the same extent.

Lastly, because of the typical lags in employers reporting wages to the UI system, data for the full sample were available through only four quarters of follow-up, although a follow-up of six quarters was possible for the earliest sample members.

# CHAPTER 3

## PATTERNS OF PARTICIPATION

### I. Introduction

This chapter discusses the nature of activities in Virginia's Employment Services Program and the extent to which program enrollees participated in them. As noted previously, DSS had expected that most of those eligible for the program would participate in the mandated job search component; in fact, the model called for job search participation not only initially but also on an ongoing basis if enrollees were still unemployed and registered with the program.

In contrast, the state model did not mandate participation levels in work experience, education or training, leaving that to the discretion of the local agencies. DSS planners, nonetheless, anticipated substantial participation in all ESP components, envisioning the program as one in which enrollees would take part in a variety of employment-related activities, with job search functioning as the touchstone as enrollees completed other components.

According to the design, enrollees were to start with job search and, if still unemployed after its completion, progress to a second activity -- work experience, training or education.[1] Following the second activity, unemployed enrollees were to be assessed again and reassigned to the same component or another one. At minimum, enrollees were to remain active by returning to a job search activity every six months. Over time, they would presumably build up new skills to market to employers as a result of participating in one or more post-job-search services.

The interim report indicated that these broad objectives formulated at the state level were accepted by the local agencies and were at least partially met during the early months of the study. That report found substantial participation in job search activities, particularly individual job search. Participation in other ESP components was more limited, although the rates, particularly for work experience, varied widely by agency.

This final analysis differs from the interim one in several ways. First, the interim report examined the participation patterns of enrollees who were randomly assigned to two experimental groups (see Chapter 2) during the early months of the study, from August 1983 through the end of February 1984. In contrast, this analysis looks at the program involvement of the entire sample, those randomly assigned to the experimental groups from August 1983 through September 1984.

Second, the full sample has a longer follow-up than the earlier one. In the interim report, only six months of follow-up data were available. In this analysis, the full sample was tracked for nine months after random assignment, and a large share -- 73 percent -- was followed for 15 months. This longer follow-up is important given the multi-component nature of the ESP design and the duration of some of its activities, particularly education and training.

This analysis is also more comprehensive. It not only updates the interim findings using the full sample, it looks separately at the participation patterns of applicants and recipients, as well as other subgroups. It also seeks to answer new questions. After describing cumulative participation patterns, the chapter analyzes participation by the ninth month after random assignment, taking welfare and employment status into account. This new analysis reveals that many experimentals could not be served by staff because they had left welfare or the program shortly after entering it either because of employment or for other reasons. Many of the nonparticipants had not been subject to the program's participation requirement for very long.

The chapter is divided into several sections. Section II analyzes the cumulative participation patterns and also presents the more detailed assessment of the program's success in reaching its targeted caseload, discussed above. The next section describes the activities in which enrollees took part. Section IV looks at the participation of important subgroups within the target population, while the fifth examines participation patterns over time.

## II. Cumulative Participation Rates

### A. Participation Rates for the Full Sample

The questions addressed in this section are the most basic:

- What proportion of the full sample of enrollees participated in ESP?
- How did participation patterns vary by component?
- What proportion of applicants and recipients ever participated in ESP and its components?

An ESP enrollee's experience with the program began in an in-depth assessment interview with an ESP Worker.[2] Applicants were only assigned to an ESP Worker for assessment after their applications for welfare were approved. As Chapter 1 explained, these individuals had to first take part in an Applicant Job Search, which required them to show proof of three contacts with potential employers as a condition of grant approval.

The purpose of the assessment interview was to determine the enrollee's strengths and weaknesses and what, if any, barriers she might have to participation and, hence, employment. Tests usually were not administered during this interview.[3] The ESP Worker used his or her own judgment to decide whether the enrollee should be immediately assigned to a job search activity or to an inactive status.

Two points are important in the following discussion of overall participation rates. First, the overall volume of program activity was larger than that suggested by observation of the experimental sample. Members of the non-research group (see Chapter 2) were eligible for services, and some were assigned to components.

Second, overall rates mask the variation in participation rates among the 11 agencies in the study. In general, the variation was greatest in the work experience component, where several factors influenced the level of worksite assignments. In the rural areas, for example, the availability of transportation and the remote residences of many recipients were factors to be considered before making every assignment. The two most important reasons for agency variation, however, were ones common to all agencies: staff attitudes toward the value of work experience as part of an employability development strategy, and the degree of emphasis on implementing a cohesive assignment policy. Appendix D presents more information on agency performance and the factors that influenced patterns of local ESP activity.

Table 3.1 presents the participation patterns of the two experimental groups. (See also Appendix Table C.1 for data on performance indicators by research group and local agency.) In this analysis, assignment rates serve as a proxy for participation, which is therefore defined as "being assigned to a given activity." As seen in the table, 80 percent of enrollees were initially assessed or reassessed in interviews with an ESP Worker within nine months of random assignment. The majority -- 58 percent -- were assigned to an ESP component within this period. There were no significant differences between the two experimental groups in the degree to which they were assessed or participated in ESP.

As intended in the model, enrollees first participated in job search, the only mandatory component for all enrollees. Somewhat more than half participated -- 40 percent in individual job search and 15 percent in a group activity.[4] Again, there were no differences between the rates for the two research groups.

Enrollees were less active in the post-job-search activities, as indicated earlier. Appendix Table C.2 shows that together, only 20 percent of all enrollees entered work experience, education or training, either as the only activity after random assignment or following participation in job search. Component by component, Table 3.1 shows that approximately 10 percent participated in work experience, and a similar proportion, about 12 percent, participated in education or training; almost twice as many were assigned to education as to training. (On average, those assigned to work experience participated for 194 hours.) The table also reveals that when the two research groups are compared, the research design did, to some extent, affect the allocation of services. Members of the All ESP Services

## TABLE 3.1

## VIRGINIA

## ALL AFDC: NINE-MONTH PERFORMANCE INDICATORS FOR EXPERIMENTALS, BY RESEARCH GROUP

## (AUGUST 1983 - SEPTEMBER 1984 SAMPLE)

| Performance Indicator | Job Search-Work Experience | All ESP Services | Total |
|---|---|---|---|
| Assessed[a] | 80.6 | 78.9 | 79.7 |
| Ever Active | 59.2 | 57.3 | 58.3 |
| Participated in Job Search | 51.6 | 50.3 | 51.0 |
| Individual Job Search | 40.7 | 40.1 | 40.4 |
| Group Job Search Activities | 14.1 | 15.3 | 14.7 |
| Participated in Work Experience | 13.5 | 5.5 | 9.5*** |
| Participated in Training or Education | 9.1 | 14.1 | 11.6*** |
| Training | 3.5 | 5.0 | 4.3* |
| Education | 5.7 | 9.1 | 7.4*** |
| Deregistered[b] | 38.8 | 45.8 | 42.3*** |
| Due to Sanctioning[c] | 3.8 | 3.9 | 3.8 |
| Placement Rate[d] | 13.8 | 14.4 | 14.1 |
| Total Number of Experimentals | 1061 | 1077 | 2138 |

**SOURCE:** Calculations from the Virginia Automated Client Information System and from program activity data collected from case file records of a random subsample of experimentals in Fairfax County.

**NOTES:** Performance indicators are defined as ever assigned to a particular component or status.

(continued)

TABLE 3.1 (continued)

Performance indicators are calculated as a percentage of the total persons in the indicated research group in all agencies but Fairfax. In Fairfax County, performance indicators are calculated as a percentage of a random subsample of 183 experimentals whose case files were reviewed. The results from Fairfax County are weighted to equal the total number of Fairfax experimentals in the research sample.

[a] Assessment is defined for applicants and redetermined WIN-mandatory recipients as contact with an Employment Services Worker after random assignment. For those recipients who were WIN-mandatory before the start of the research, assessment is defined as reassessment at the point of random assignment.

[b] Deregistration is defined as being deregistered according to ESP program records or failing to receive AFDC payments at any time during the nine months following random assignment.

[c] Sanctioning rates are defined as referral for sanctions.

[d] Program placement information is based on employment that is reported to program staff. Program placement data will not be used to measure impacts.

A chi-square test was applied to differences between research groups. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; *** = 1 percent.

group were more often assigned to the full array of ESP services, while those in the Job Search/Work Experience group were more than twice as likely as the All ESP Services group to hold a work position.

The fact that more of the All ESP Services than the Job Search/Work Experience group participated in education and training (14.1 percent versus 9.1 percent) should not obscure the magnitude of the Job Search/Work Experience sample enrolled in these programs. Some may have been referred to these services by ESP staff, but most probably took part on their own.

This last factor highlights an important point about the ESP model. While state planners had specified that educational and training "opportunities" be available to enrollees, funding constraints dictated that local programs rely on existing programs elsewhere in the community, which were available to all residents who qualified for them. Hence, many of those assigned not only to the Job Search/Work Experience group but also to the control group took advantage of these services on their own, as is discussed in Chapter 4. Although control participation had serious research implications, as explained in Chapter 4, the participation of members of all three research groups in these activities should not be construed as an implementation fault; the model had, in fact, encouraged agencies to use these services in making referrals. However, the similarity of the experimental-control rates suggests that ESP, on the whole, was unable to significantly increase the receipt of such services by experimentals beyond that which they would have found on their own.

Overall, 42 percent of all enrollees were deregistered from the program by the ninth month after random assignment; the rate was significantly higher for the All ESP Services group. Only a small proportion (4 percent) were referred for sanctioning because they were not in compliance with the program's requirements.[5] There were no differences between the two research groups on this measure.

Placement rates, as presented in the tables in this chapter, are frequently used by employment programs to measure success. However, these rates reflect only employment reported to program staff and recorded in the DSS client information system. The rates presented in Chapter 4, based on Unemployment Insurance records, are a more reliable source of employment data.

An assessment of these performance measures led to an important decision in the ESP evaluation. It was clear from the service receipt of the two experimental groups that the treatment of the two groups was quite similar and that any differences were not sufficient to justify analyzing the treatment groups separately. Data for the two experimental groups were thus subsequently pooled. The rest of the participation analysis, as well as the impact and benefit-cost analyses, will use data from the two experimental groups combined.

## B. Participation Patterns of Applicants and Recipients

Chapter 2 indicated that applicants and recipients had different demographic characteristics, as well as different backgrounds in prior employment and welfare receipt. Table 3.2 shows that the two groups also had very different participation patterns. In general, far fewer applicants participated in the ESP components than recipients, but significantly more applicants were deregistered from, or left, the program (54.8 percent compared to 34.0 percent).

By program activity, 60.2 percent of recipients took part in some job

### TABLE 3.2

### VIRGINIA

### ALL AFDC: NINE-MONTH PERFORMANCE INDICATORS FOR EXPERIMENTALS, BY WELFARE STATUS

(AUGUST 1983 - SEPTEMBER 1984 SAMPLE)

| Performance Indicator | Applicants | Recipients | Total |
|---|---|---|---|
| Assessed[a] | 62.8 | 91.0 | 79.7*** |
| Ever Active | 41.7 | 69.4 | 58.3*** |
| Participated in Job Search | 37.2 | 60.2 | 51.0*** |
| Individual Job Search | 29.9 | 47.4 | 40.4*** |
| Group Job Search Activities | 9.8 | 18.0 | 14.7*** |
| Participated in Work Experience | 3.2 | 13.6 | 9.5*** |
| Participated in Training or Education | 8.8 | 13.5 | 11.6*** |
| Training | 3.1 | 5.0 | 4.3** |
| Education | 5.7 | 8.6 | 7.4** |
| Deregistered[b] | 54.8 | 34.0 | 42.3*** |
| Due to Sanctioning[c] | 3.4 | 4.1 | 3.8 |
| Placement Rate[d] | 8.8 | 17.7 | 14.1*** |
| Total Number of Experimentals | 857 | 1281 | 2138 |

SOURCE: Calculations from the Virginia Automated Client Information System and from program activity data collected from case file records of a random subsample of experimentals in Fairfax County.

NOTES: Performance indicators are defined as ever assigned to a particular component or status.

(continued)

TABLE 3.2 (continued)

Performance indicators are calculated as a percentage of the total persons in the indicated research group in all agencies but Fairfax. In Fairfax County, performance indicators are calculated as a percentage of a random subsample of 183 experimentals whose case files were reviewed. The results from Fairfax County are weighted to equal the total number of Fairfax experimentals in the research sample.

Experimentals are comprised of both Job Search-Work Experience and All ESP Services research groups.

[a] Assessment is defined for applicants and redetermined WIN-mandatory recipients as contact with an Employment Services Worker after random assignment. For those recipients who were WIN-mandatory before the start of the research, assessment is defined as reassessment at the point of random assignment.

[b] Deregistration is defined as being deregistered according to ESP program records or failing to receive AFDC payments at any time during the nine months following random assignment.

[c] Sanctioning rates are defined as referral for sanctions.

[d] Program placement information is based on employment that is reported to program staff. Program placement data will not be used to measure impacts.

A chi-square test was applied to differences between welfare statuses. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; *** = 1 percent.

search activity compared to 37.2 percent of applicants. (Almost twice the proportion of recipients participated in both individual and group job search compared to applicants.) In work experience, recipients predominated, with a 13.6 percent level compared to just 3.2 percent of applicants. The pattern was less pronounced in education and training, where 13.5 percent of recipients participated compared to 8.8 percent of the applicants.

These participation patterns, as well as the higher applicant deregistrations, are explained in part by program regulations specifying that applicants could not participate in ESP services until their requests for aid had been approved. In fact, as discussed in Chapter 2, almost one-third of the applicant experimentals had not received any welfare payments within a year after random assignment. In this analysis, these individuals were recorded as having been "deregistered." However, Appendix Table C.3 indicates that, even when participation rates were calculated on a base excluding those who were not assessed -- e.g., applicants whose grants were not approved were not referred for assessment -- applicants still had lower participation rates than recipients.

### C. Participation and Continuing Eligibility

Thus far in this chapter, participation has been defined as the percentage of enrollees who were ever assigned to a given activity; that is, those who "ever participated" during nine months. Several problems are inherent in this definition. For one, this measurement makes no distinction between those who participated for a day and those who participated for a much longer period, and therefore gives no indication of the duration or intensity of participation.

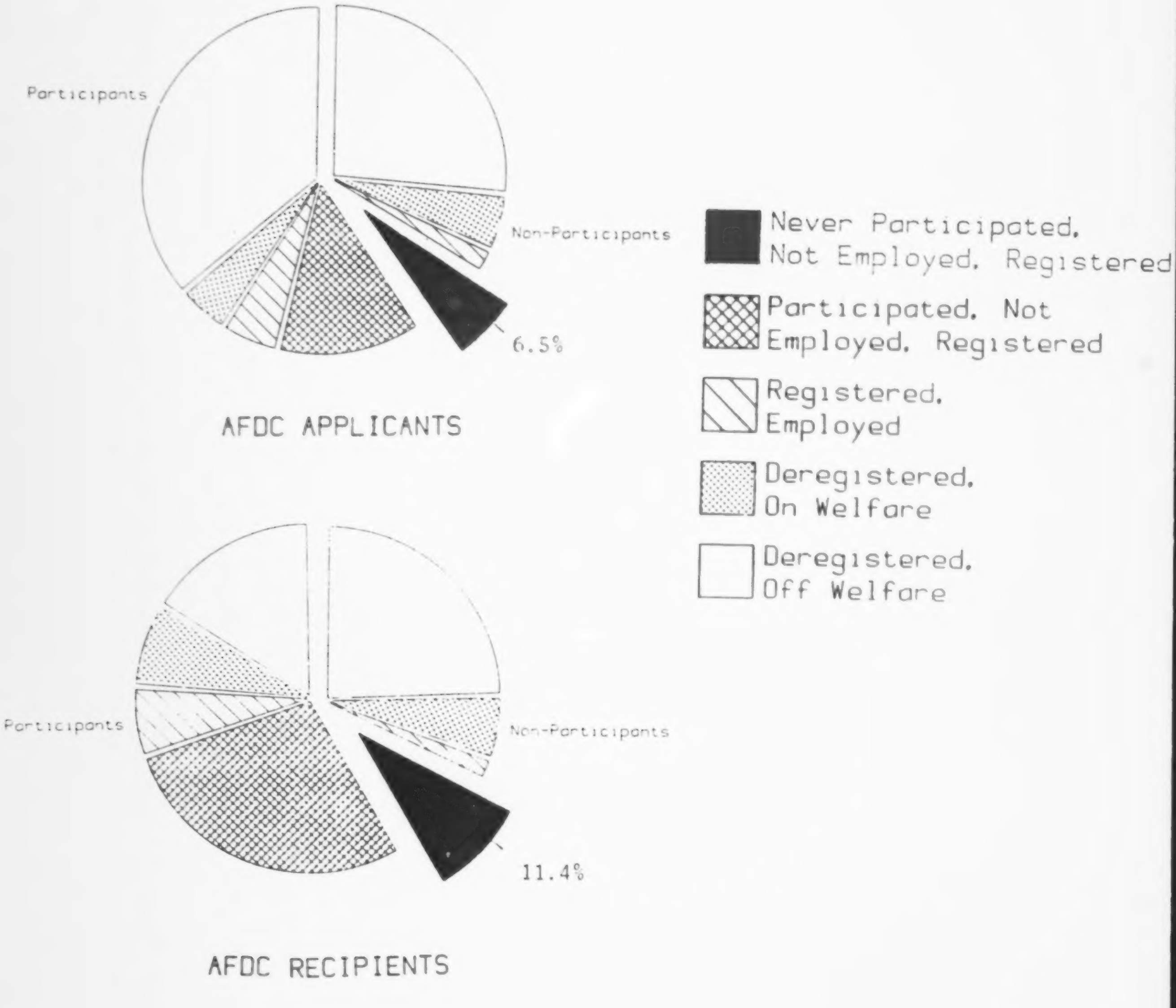
A second problem is that these rates may understate the program's achievements. "Ever participated" rates take a static view of participation, suggesting that all people remained eligible throughout the study period, but that many somehow avoided program participation. Actually, a fairly large number of enrollees only remained in the program for a short period of time, leaving welfare or being deregistered from the program for a number of reasons (i.e., remarriage, the birth of a child, more than 30 hours of employment). Staff often had no opportunity to work with these enrollees during their short program tenure. Other enrollees were employed part-time and were still registered with the program because their low incomes continued to qualify them for supplementary benefits. These individuals were often judged to have satisfied program requirements because they were working what was considered to be an appropriate number of hours.

When these findings (or reasons for nonparticipation) are taken into consideration, the extent of a program's ability to serve the targeted caseload is more evident. Figure 3.1 shows that by the ninth month after random assignment, only 6.5 percent of the applicants and 11.4 percent of the recipients had remained enrolled throughout the study period, but had failed to participate and did not have jobs. This is the group that the program failed to reach. To state it another way, 93.5 percent of the applicants and 88.6 percent of the recipients had satisfied the program's requirement, either by participating or finding employment, or had been deregistered because they had left the program or were no longer eligible for welfare. (See Appendix Table C.4 for additional data on enrollees'

FIGURE 3.1

VIRGINIA

## AFDC APPLICANTS AND RECIPIENTS: PROGRAM, EMPLOYMENT, AND WELFARE STATUS IN THE NINTH MONTH AFTER RANDOM ASSIGNMENT



SOURCE: See Table C.4.

participation, employment and welfare status at the ninth month after random assignment.)

It is not surprising that more "continuously-enrolled" recipients had failed to participate in job search. As seen in Chapter 2, the recipient group exhibited greater prior welfare dependency; staff may have found them harder to work with. While 74 percent of all applicants had also previously received welfare, on the whole they were more likely than the recipients to have had recent employment. The important point is that, among both applicants and recipients, the proportions of both groups who had not participated or worked were very small, indicating that ESP had succeeded in implementing the job search participation requirement.

It should be noted that, in addition to the initial job search requirement, enrollees were expected to return to that activity as long as they were unemployed and still registered with the program. Unfortunately, the data do not exist to determine if this ongoing job search requirement was in fact satisfied, as was the initial one, discussed above. Long-term follow-up data cover only a portion of the necessary sample, and some of the sample members were not continuously subject to this requirement because they had left the program or welfare. However, the available data show that at least 25 percent of the experimental sample participated two or more times in job search within an 18-month follow-up period,[6] so it is clear that a reasonable level of ongoing participation in job search was taking place.

## III. Description of ESP Services

### A. Job Search

As indicated in Chapter 1, the model proposed by the state gave local agencies discretion, within broad guidelines, to determine some of the content and requirements of all components, including job search. Appendix Table C.5 shows the variety of job search activities that the agencies offered, as well as the different requirements. Group activities, as well as individual search, were offered in some form in all of the urban agencies and, for a period of one year, on a rotating basis in three rural agencies.

Generally, group job search services were provided in the form of a two-week workshop,[7] in which participants were helped to identify their assets and skills, to understand the basic qualities that employers seek in employees, and to develop appropriate employment goals. Under the guidance of staff -- and with the support of other participants -- workshop enrollees learned how to approach employers and to set up interviews, and how to present themselves positively during these appointments. Telephone techniques were taught in all of the workshops, but during the period covered by the evaluation, telephones were not available, or their use was limited, in some agencies. Not all participants therefore could call employers under staff supervision, a common feature of job search workshops.

Individual job search, in contrast, was not as structured.[8] Enrollees were required to make a specific number of personal contacts with potential employers and record the results on a form provided by the agency. ESP staff prepared enrollees for their search during the assessment interview in which they received their assignments. In most instances, there was no further contact with the enrollees until the reassessment interview after the search had been completed. Given the limited time of the interviews, many aspects of job-hunting could not be discussed, and staff success in guiding enrollees depended to a large degree on their previous knowledge of the person. In some rural agencies, this was possible and proved helpful, but, as a rule, enrollees in this component received far less assistance than those participating in group services.

## B. Work Experience

This ESP component was structured in part to conform to the OBRA CWEP regulations; work hours were calculated by dividing the welfare grant by the minimum wage. In contrast to what OBRA allowed, however, assignments to public or private nonprofit agencies were not ongoing, but limited to 13 weeks, although the state model specified that enrollees could be reassigned to the activity. In fact, 23.7 percent of those assigned to work experience (66 people out of 278) were assigned more than once.

In Virginia, as in five other states in the MDRC Work/Welfare Demonstration offering structured work experience, a survey was conducted with a random sample of work experience participants and their supervisors. The total number in Virginia was 47 of each. While a preliminary analysis of the first 25 worksite interviews was presented in the interim report, this report examines responses from the total sample. In general, the findings, summarized below, are similar to those found for the partial sample.

First, most participants (38 of the 47 interviewed) believed that the work requirement was fair; more than half said they felt better about receiving welfare now that they were working for it. Second, the jobs, for many reasons, were not seen as "make-work." Almost all participants liked them, with most believing that they had learned something by doing their work. Almost 80 percent of both the participants and supervisors said that their work was necessary to the agency, and all expressed the opinion that the work was important.

Lastly, while the worksite jobs in Virginia required few skills and supervisors indicated that most participants already possessed the ones needed for their jobs, in almost all instances where participants lacked them, the skills had subsequently been acquired. Appendix E describes the worksite survey and findings in greater detail.

## C. Education and Training

With one exception, local agencies did not have sufficient funds to operate training or education programs themselves.[9] Generally, as recommended in the program design, they referred enrollees who needed and were interested in such activities to community resources. These included community colleges, the public school system, training programs run by JTPA service providers, and privately operated training facilities. Interviews with staff suggest that Adult Basic Education classes and short-term skills training programs offering clerical and health-care instruction were popular with enrollees.

Problems did arise, however, in obtaining sufficient access to these services, especially ones that interested enrollees. Initially, the state had intended that local agencies would develop new referral relationships with the appropriate schools, institutions and JTPA-funded programs. It was hoped that a wide choice of activities would encourage ESP enrollees to participate.

ESP staff in all agencies had little difficulty in making arrangements for Adult Basic Education classes, GED preparation courses and vocational schools and community colleges. They had established working relationships with these service providers and had come to understand the entry requirements. They also knew the specific people to whom enrollees should be referred for help in registering for classes and, if necessary, obtaining financial assistance for tuition payments.

For a number of reasons, working relationships were slower to develop with personnel in the JTPA Service Delivery Areas (SDA) and the service providers themselves, although staff in all agencies reported having made progress in setting them up. Two agencies, for instance, had come to an agreement with the JTPA SDA on a tracking form for ESP referrals. However, staff generally indicated that much more remained to be accomplished, primarily in the area of timely communication. Information was needed on such issues as what courses were offered, how referrals were to be made, and how enrollees' progress should be monitored after referral. While JTPA service providers frequently expected ESP Workers to be involved in attendance issues for their enrollees, ESP staff indicated that they often did not receive data about attendance quickly enough. Enrollees sometimes established patterns that resulted in termination before the ESP Worker was aware that a problem existed.

It is worth noting that JTPA replaced the Comprehensive Employment and Training Act (CETA) system as the major publicly-funded employment and training program for the disadvantaged at about the same time as ESP replaced the WIN Program in Virginia. Therefore, both ESP and JTPA staff were facing pressure and difficulties in implementing their new programs. This fact, as well as the time it usually takes for new relationships to develop, largely account for reports from ESP staff that fully satisfactory working relationships were not always in place during the period covered by this evaluation.

## IV. Participation Patterns for Subgroups

Thus far, the analysis of participation has focused on the full sample and the principal subsamples of applicants and recipients. This section looks at the patterns for important subgroups within both the full sample and the applicant and recipient subgroups to see if some segments of the targeted population participated at higher rates than others. Analysis of these data, together with qualitative data from staff interviews, suggest how registrants were assigned to ESP components.

### A. Participation in Urban and Rural Areas

Data on the urban and rural areas presented in Chapter 1 laid the foundation for the discussion in this chapter of the possible influence of environmental factors in shaping the delivery of program services, particularly in the rural areas. Several such factors might affect participation levels. First, as noted previously, public transportation was nonexistent in the rural areas (and sometimes limited in the urban regions) and the population was widely dispersed. Second, only some of the rural agencies were able to offer group job search services, and then only for part of the period covered by the study. Third, community resources for education and training were in more limited supply in the rural areas than urban areas, and worksites were not always in locations that enrollees could conveniently reach.

Table 3.3 reveals that, as expected, applicants and recipients in these different environments exhibited different participation patterns, although not always the ones anticipated. The environmental problems noted above, as well as the analysis of enrollees' characteristics in Chapter 2 -- showing clear urban/rural differences in education and past employment -- had suggested that urban participation levels might be higher than rural ones. In contrast, Table 3.3 points out that rural women were often more active than their urban counterparts.

Both applicants and recipients participated in individual job search at significantly higher rates in the rural areas, but participation in group job search was understandably much lower in the rural areas, where group services did not always exist. The higher overall rural rates in job search activities (61 percent) compared to urban areas (48 percent) is the most notable and somewhat surprising finding.

Work experience rates exhibited a different trend, although the applicant rates were not as much different as low in both urban and rural areas: 3.7 and 1.6, respectively. However, recipients in urban areas -- where public transportation was usually available -- were more than twice as likely to be assigned to work experience as rural recipients.

In contrast, despite fewer opportunities, rural applicants were twice as likely as urban applicants to have participated in training (5.3 versus 2.5 percent), and they were just as likely to have taken part in an education program (6.4 versus 5.5 percent, respectively). As was the case for the applicants, more recipients in the rural versus urban areas took

## TABLE 3.3

## VIRGINIA

## ALL AFDC: NINE-MONTH PERFORMANCE INDICATORS OF EXPERIMENTALS, BY WELFARE STATUS AND AREA

(AUGUST 1983 - SEPTEMBER 1984 SAMPLE)

| | Applicants | | | Recipients | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|
| Performance Indicator | Urban | Rural | Total | Urban | Rural | Total | Urban | Rural | Total |
| Assessed[a] | 59.8 | 73.4 | 62.8*** | 89.2 | 98.1 | 91.0*** | 77.5 | 87.9 | 79.7*** |
| Ever Active | 38.7 | 52.1 | 41.7*** | 67.6 | 76.3 | 69.4*** | 56.1 | 66.3 | 58.3*** |
| Participated in Job Search | 34.7 | 46.3 | 37.2*** | 57.3 | 71.1 | 60.2*** | 48.3 | 60.8 | 51.0*** |
| Individual Job Search | 25.8 | 44.1 | 29.9*** | 41.5 | 69.9 | 47.4*** | 35.3 | 59.3 | 40.4*** |
| Group Job Search Activities | 11.3 | 4.3 | 9.8*** | 21.8 | 3.8 | 18.0*** | 17.6 | 4.0 | 14.7*** |
| Participated in Work Experience | 3.7 | 1.6 | 3.2 | 15.5 | 6.4 | 13.6*** | 10.8 | 4.4 | 9.5*** |
| Participated in Training or Education | 8.0 | 11.7 | 8.8 | 13.7 | 12.8 | 13.5 | 11.5 | 12.3 | 11.6 |
| Training | 2.5 | 5.3 | 3.1* | 4.4 | 7.5 | 5.0* | 3.6 | 6.6 | 4.3*** |
| Education | 5.5 | 6.4 | 5.7 | 9.5 | 5.3 | 8.6** | 7.9 | 5.7 | 7.4 |
| Deregistered[b] | 53.8 | 58.5 | 54.8 | 35.3 | 28.9 | 34.0* | 42.6 | 41.2 | 42.3 |
| Due to Sanctioning[c] | 3.8 | 2.1 | 3.4 | 4.1 | 4.1 | 4.1 | 4.0 | 3.3 | 3.8 |
| Placement Rate[d] | 6.7 | 16.0 | 8.8*** | 17.3 | 19.2 | 17.7 | 13.1 | 17.8 | 14.1** |
| Total Number of Experimentals | 669 | 188 | 857 | 1015 | 266 | 1281 | 1684 | 454 | 2138 |

SOURCE AND NOTES: See Table 3.2.

part in training activities, again despite the limited supply and transportation constraints. As discussed in Appendix D, staff in three of the rural agencies were particularly successful in obtaining training assignments for their enrollees. In one instance, the ESP Worker had a longstanding working relationship with the local JTPA service provider; in another, the Worker was a member of the Private Industry Council. It should be noted, however, that such relationships were rare, and that forging new linkages with JTPA training providers took considerable time -- time staff needed to implement other components for which they bore direct responsibility.

The recipient pattern was quite different for education, where, in contrast to applicants, recipients in the urban areas were almost twice as likely to have participated in educational programs than rural recipients (9.5 versus 5.3 percent). Several factors in the urban environments may have influenced these levels -- enrollees there appeared to want to attend school, particularly community colleges; Adult Basic Education, GED and community college courses were available in a great many locations; and enrollees (at least according to staff perceptions) seemed to realize the need for a better education in an urban economy.

### B. Participation Patterns for Other Subgroups

Tables 3.4 and 3.5 present participation data for other important subgroups within the applicant and recipient categories. The general pattern that emerges, at least for job search, showed that the potentially more difficult-to-employ among both groups -- those with the largest families, older women, those with greater prior welfare dependency and with little recent employment -- were active in ESP to the same or to a

## TABLE 3.4

## VIRGINIA

## AFDC APPLICANTS: NINE-MONTH PERFORMANCE INDICATORS FOR SELECTED SUBGROUPS OF EXPERIMENTALS (AUGUST 1983 - SEPTEMBER 1984 SAMPLE)

| | Number of Children | | | High School Diploma or GED | | Employed in Year Prior to Random Assignment[a] | | AFDC History[b] | | | Age | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Performance Indicator | One | Two | Three or More | No | Yes | No | Yes | Never | 2 Years or Less | More Than 2 Years | Younger than 30 | 30 or Older |
| Assessed[c] | 63.5 | 60.4 | 66.6 | 67.4 | 58.4*** | 60.8 | 64.1 | 52.3 | 59.9 | 70.7*** | 60.7 | 63.8 |
| Ever Active | 42.0 | 40.2 | 44.4 | 44.5 | 39.0 | 42.3 | 41.2 | 34.4 | 44.4 | 43.8* | 42.0 | 41.2 |
| Participated in Job Search | 36.3 | 36.4 | 41.9 | 40.2 | 34.4* | 37.4 | 37.2 | 28.9 | 39.4 | 40.4** | 35.9 | 37.8 |
| Individual Job Search | 29.5 | 28.7 | 33.8 | 32.8 | 27.1* | 28.0 | 31.1 | 23.8 | 33.7 | 30.5* | 28.4 | 30.8 |
| Group Job Search Activities | 10.5 | 9.0 | 9.3 | 10.0 | 9.5 | 11.7 | 8.5 | 6.5 | 8.5 | 12.5* | 10.4 | 9.3 |
| Participated in Work Experience | 3.5 | 4.1 | 1.2 | 2.4 | 4.0 | 2.9 | 3.4 | 3.9 | 2.1 | 3.7 | 2.9 | 3.4 |
| Participated in Training or Education | 11.0 | 7.6 | 6.2 | 10.0 | 7.7 | 7.8 | 9.5 | 8.0 | 8.2 | 8.8 | 11.9 | 7.1** |
| Training | 4.5 | 1.7 | 2.5 | 3.8 | 2.5 | 2.9 | 3.3 | 2.0 | 1.4 | 5.0** | 5.5 | 1.8*** |
| Education | 6.5 | 5.8 | 3.7 | 6.2 | 5.2 | 4.9 | 6.2 | 6.0 | 6.8 | 4.8 | 6.4 | 5.3 |
| Deregistered[d] | 50.3 | 58.0 | 60.3** | 53.0 | 56.6 | 55.9 | 54.1 | 66.5 | 54.0 | 49.2*** | 51.7 | 56.6 |
| Due to Sanctioning[e] | 2.5 | 5.1 | 3.0 | 1.6 | 5.1*** | 3.1 | 3.6 | 3.4 | 3.5 | 3.4 | 2.9 | 3.6 |
| Placement Rate[f] | 7.8 | 9.4 | 10.6 | 6.9 | 10.5* | 8.2 | 9.1 | 6.5 | 7.9 | 10.7 | 9.1 | 8.4 |
| Total Number of Applicants | 397 | 288 | 161 | 418 | 439 | 343 | 514 | 199 | 280 | 376 | 308 | 547 |

(continued)

TABLE 3.4 (continued)

SOURCE: Calculations from MDRC Client Information Sheets, the Virginia Automated Client Information System and from program activity data collected from case file records of a random subsample of experimentals in Fairfax County.

NOTES: Performance indicators are defined as ever assigned to a particular component or status.

Performance indicators are calculated as a percentage of the total persons in the indicated research group in all agencies but Fairfax. In Fairfax County, performance indicators are calculated as a percentage of a random subsample of 183 experimentals whose case files were reviewed. The results from Fairfax County are weighted to equal the total number of Fairfax experimentals in the research sample.

Experimentals are comprised of both Job Search-Work Experience and All ESP Services research groups.

[a] Persons were considered employed during the year prior to random assignment if they had UI earnings for any of the four prior quarters.

[b] Calculations from MDRC Client Information Sheets.

[c] Assessment is defined for applicants and redetermined WIN-mandatory recipients as contact with an Employment Services Worker after random assignment. For those recipients who were WIN-mandatory before the start of the research, assessment is defined as reassessment at the point of random assignment.

[d] Deregistration is defined as being deregistered according to ESP program records or failing to receive AFDC payments at any time during the nine months following random assignment.

[e] Sanctioning rates are defined as referral for sanctions.

[f] Program placement information is based on employment that is reported to program staff. Program placement data will not be used to measure impacts.

A chi-square test was applied to differences between subgroups. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; *** = 1 percent.

# TABLE 3.5

# VIRGINIA

# AFDC RECIPIENTS: NINE-MONTH PERFORMANCE INDICATORS FOR SELECTED SUBGROUPS OF EXPERIMENTALS

(AUGUST 1983 - SEPTEMBER 1984 SAMPLE)

| Performance Indicator | Number of Children | | | High School Diploma or GED | | Employed in Year Prior to Random Assignment[a] | | AFDC History[b] | | | Age | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | One | Two | Three or More | No | Yes | No | Yes | Never | 2 Years or Less | More Than 2 Years | Younger than 30 | 30 or Older |
| Assessed[c] | 90.3 | 92.1 | 92.8 | 90.4 | 92.1 | 91.8 | 88.2* | 72.6 | 91.7 | 91.6*** | 88.7 | 92.2* |
| Ever Active | 66.3 | 71.3 | 74.4** | 67.5 | 72.4* | 71.8 | 60.5*** | 51.3 | 66.1 | 71.2** | 67.3 | 70.4 |
| Participated in Job Search | 57.5 | 61.7 | 65.8* | 60.7 | 59.3 | 61.8 | 54.3** | 39.3 | 58.1 | 61.8** | 55.0 | 62.7*** |
| Individual Job Search | 45.5 | 46.9 | 53.7* | 47.8 | 46.7 | 48.3 | 44.2 | 33.2 | 46.3 | 48.5 | 40.1 | 51.0*** |
| Group Job Search Activities | 17.0 | 19.5 | 18.9 | 17.8 | 18.5 | 19.5 | 12.9** | 6.1 | 18.5 | 18.3 | 19.9 | 17.1 |
| Participated in Work Experience | 13.1 | 14.5 | 14.4 | 12.4 | 15.7 | 15.0 | 8.6*** | 9.0 | 12.4 | 14.3 | 12.8 | 14.1 |
| Participated in Training or Education | 12.0 | 16.6 | 12.3* | 10.7 | 18.2*** | 13.7 | 13.0 | 15.1 | 14.7 | 13.0 | 17.0 | 11.8** |
| Training | 5.2 | 4.8 | 5.4 | 3.6 | 7.3*** | 5.1 | 4.8 | 9.0 | 5.0 | 4.9 | 5.5 | 4.8 |
| Education | 6.9 | 11.8 | 6.9** | 7.1 | 11.1** | 8.6 | 8.5 | 6.1 | 10.0 | 8.1 | 11.7 | 7.0*** |
| Deregistered[d] | 38.1 | 30.4 | 29.4** | 33.9 | 34.0 | 31.5 | 42.9*** | 54.6 | 46.7 | 28.7*** | 34.5 | 33.7 |
| Due to Sanctioning[e] | 4.0 | 3.0 | 5.3 | 3.4 | 5.3 | 4.8 | 1.8** | 9.1 | 4.4 | 3.8 | 4.0 | 4.2 |
| Placement Rate[f] | 19.2 | 16.9 | 16.4 | 17.1 | 18.8 | 15.8 | 24.8*** | 12.2 | 20.1 | 17.1 | 17.2 | 18.0 |
| Total Number of Recipients | 542 | 396 | 318 | 797 | 484 | 1002 | 279 | 33 | 329 | 817 | 424 | 857 |

SOURCE AND NOTES: See Table 3.4.

significantly greater extent than the more employable subgroups.

Among applicants (see Table 3.4), there was a clear tendency for women with characteristics that appeared to be barriers to employment to have participated in job search at least as much as, if not more than, those who appeared more employable. There were no differences among applicant subgroups in measures of participation in work experience, but the picture was different for training and educational programs. For these activities, subgroups with the greater barriers to employment had similar or lower participation levels than the more employable ones, except for the applicant group who had been dependent on welfare for two years or more in the past. These women were significantly more likely to participate in training than women with less prior welfare history.

Participation among recipient subgroups (as seen in Table 3.5) followed the general applicant pattern: the less employable recipients were more likely than, or as likely as, the more employable groups to be active in job search, but as was the case for applicants, this pattern was less evident for work experience and education and training. In particular, recipients without a high school or GED diploma and those who were 30 years or older were significantly less likely to be enrolled in education or training programs than those who had completed high school.

While these overall patterns suggest that staff tried to encourage the subgroups that potentially faced greater barriers to participate in program activities as much as the more employable groups, Tables 3.4 and 3.5 show that they were most successful in job search. This is not surprising because ESP staff as a whole were convinced that job search was an appropriate mandatory activity for almost all people on welfare.

Staff had mixed views, however, about encouraging the most hard-to-employ groups to take part in education and training, believing that many had not yet built up the confidence to handle these activities. In addition, some enrollees lacked the educational or skills backgrounds to succeed in these courses or vocational programs, and the staff found that some of these enrollees simply could not meet the requirement of the services to which they were referred. The more disadvantaged groups also were more likely to fail to follow through on the referrals by ESP staff.

## V. Participation Patterns Over Time

Figure 3.2 shows the cumulative participation rate for all ESP enrollees, as well as the rates for enrollees randomly assigned in the early and later months of the year-long sample enrollment period. (Information on the participation patterns of early and later applicant and recipient subgroups is presented in Table 3.6.) As seen in the figure, women randomly assigned through March 1984 were tracked for a 15-month follow-up period, while the group entering the sample from April through September 1984 had at least nine months of follow-up.

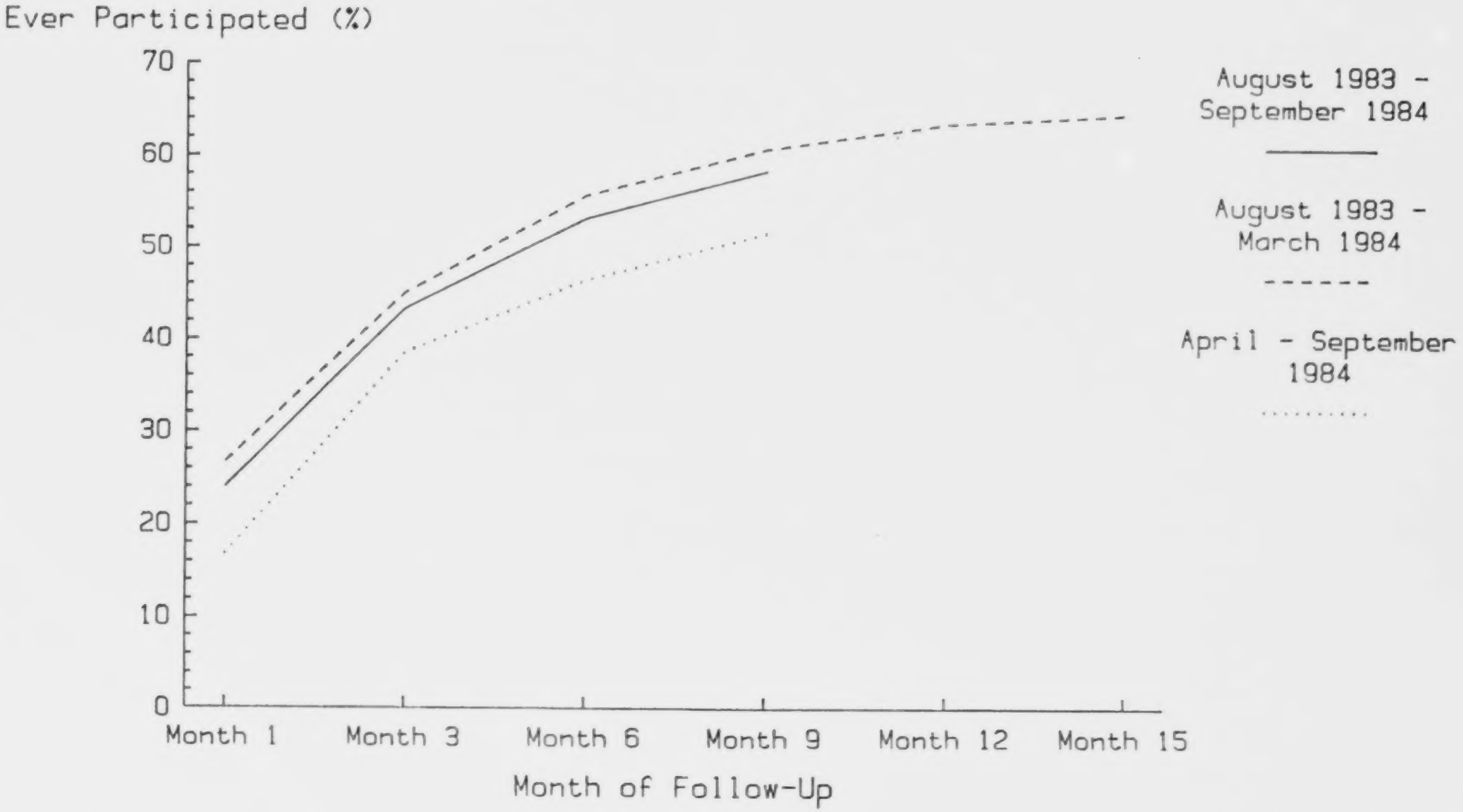
Two conclusions emerge from Figure 3.2 and Table 3.6. First, for the total sample and both subgroups, the participation rates continued to climb through the ninth month after random assignment. This is because staff initially deferred some enrollees from job search but reassessed them periodically; as their situations changed, the enrollees were often assigned to the components to begin their search.

The other notable finding is the somewhat lower participation level of the later group of experimentals, perhaps caused by the different

FIGURE 3.2

VIRGINIA

# ALL AFDC: CUMULATIVE PARTICIPATION RATES FOR EXPERIMENTALS, BY PERIOD OF RANDOM ASSIGNMENT (AUGUST 1983 - SEPTEMBER 1984 SAMPLE)



SOURCE: Calculations from the Virginia Automated Client Information System and from program activity data collected from case file records of a random subsample of experimentals in Fairfax County.

## TABLE 3.6

## VIRGINIA

## ALL AFDC: NINE-MONTH PERFORMANCE INDICATORS FOR EXPERIMENTALS BY PERIOD OF RANDOM ASSIGNMENT

(AUGUST 1983-SEPTEMBER 1984 SAMPLE)

| Performance Indicator | Applicants | | | Recipients | | |
|---|---|---|---|---|---|---|
| | August 1983-March 1984 | April-September 1984 | Total | August 1983-March 1984 | April-September 1984 | Total |
| Assessed[a] | 62.1 | 63.8 | 62.8 | 91.4 | 89.5 | 91.0 |
| Ever Active | 40.9 | 42.8 | 41.7 | 70.4 | 64.7 | 69.4 |
| Participated in Job Search | 35.4 | 39.9 | 37.2 | 61.6 | 53.6 | 60.2** |
| Individual Job Search | 28.9 | 31.3 | 29.9 | 48.5 | 42.6 | 47.4 |
| Group Job Search Activities | 8.6 | 11.5 | 9.8 | 18.7 | 15.0 | 18.0 |
| Participated in Work Experience | 3.9 | 2.3 | 3.2 | 14.1 | 11.3 | 13.6 |
| Participated in Training or Education | 10.7 | 6.0 | 8.8** | 14.4 | 9.5 | 13.5* |
| Training | 3.1 | 3.2 | 3.1 | 5.4 | 3.3 | 5.0 |
| Education | 7.6 | 2.9 | 5.7*** | 9.1 | 6.2 | 8.6 |
| Deregistered[b] | 55.5 | 53.8 | 54.8 | 33.6 | 35.7 | 34.0 |
| Due to Sanctioning[c] | 4.2 | 2.3 | 3.4 | 4.4 | 2.8 | 4.1 |
| Placement Rate[d] | 8.8 | 8.7 | 8.8 | 18.5 | 14.1 | 17.7 |
| Total Number of Experimentals | 511 | 346 | 857 | 1055 | 226 | 1281 |

SOURCE AND NOTES: See Table 3.2.

composition of the two samples. As noted in Chapter 2, the agencies had randomly assigned their existing recipient caseloads by the end of March 1984. Recipients randomly assigned after that time were those who had just been newly determined WIN-mandatory, usually because their youngest child had become school-age. Thus, the earlier group of women -- a group containing primarily the existing WIN-mandatory caseload but also a mix of other eligibles -- may be in fact more typical of the enrollee pool in an ongoing program than the later sample dominated by applicants and the newly determined mandatory recipients. The two groups had many different background and demographic characteristics -- differences that could have influenced their participation levels.

To determine if the behavior of applicants or recipients unduly influenced these overall rates, the data in Table 3.6 were compiled to analyze their separate performance indicators in the early and later periods during a uniform nine-month follow-up period. As seen in this table, the applicants randomly assigned after March 1984 were as likely as the earlier group to participate in job search and work experience, although less likely to take part in education or training programs. In contrast, the later recipients were less likely than the early recipient group to participate in job search, as well as education and training. Thus, the later recipients' performance largely accounts for the overall lower activity levels of the later group.

# CHAPTER 4

# PROGRAM IMPACTS

## I. Introduction

Two questions are basic to answer in determining the effects of any program. First, what happened to those enrolled in the program? In other words, given the outcomes of interest -- in this case, employment and welfare -- what were the average outcomes among enrollees? Second, what would have happened to the enrollees if the program had not existed? The first question is answered by examining the behavior of all program enrollees, or the experimental group. The second is answered by following the behavior of a control group, which is similar in background and demographic characteristics to the experimental group but not eligible for program services. The effects, or impacts, are the differences between the average outcomes for the two groups.

This chapter presents the results of the experimental design implemented to evaluate the Virginia Employment Services Program. Chapter 2 explained how sample members from the target population were assigned at random to either the experimental or control group. Data were collected that measured the employment rates and earnings, as well as welfare receipt and payments, of the two groups to determine if ESP improved the employment prospects of members of the experimental group and reduced their welfare receipt, compared to those outcomes among controls.

Chapter 2 verified that measured differences between the two groups in background and demographic characteristics were slight, and that the average outcomes for controls should reveal what would have happened to experimentals had program assistance not been available. This is extremely important since, even without program services, many individuals find employment on their own or leave the welfare rolls for other reasons in a relatively short period of time. Use of a control group allows non-program-induced placements or normal welfare departures to be subtracted from the levels of program-produced achievements: i.e., higher levels of employment or lower rates of welfare receipt.

Overall, this chapter will show that, for the full impact sample of 3,182 applicants and recipients,[1] there were modest gains in employment for the experimental group in the short run. Cumulatively, over nine months, or three quarters, experimentals were 3.3 percentage points more likely to have been employed at some time than controls. While this increase was statistically significant, a small earnings increase was not. Welfare payments to experimentals also went down by a statistically significant amount during a one-year period, with the largest reduction occurring in the third quarter. However, the proportion receiving welfare remained unchanged by the program in this first year.

As noted in other chapters, the 1,285 sample members who were applicants at random assignment and the 1,897 who were already recipients were analyzed separately, as were other distinct subgroups. These subgroup analyses show the importance of disaggregating the results for the full sample. In the short term, employment impacts for the full sample came almost entirely from the program's stronger gains for applicants, not recipients. (Earnings impacts were not statistically significant for either applicants or recipients.) And, while the program produced short-term welfare savings for the recipient group, the savings were not sustained in the longer run.

Particularly among applicants, longer-term program effects for an early group, followed for six quarters, continued the story of the full sample's short-term gains. The two additional quarters of follow-up showed continued employment impacts that were statistically significant in the fourth, fifth and sixth quarters, as well as modest but significant welfare savings over the 18 months. Welfare savings for recipients, on the other hand, declined markedly in the fourth and fifth quarters, and employment gains remained minimal.

## II. Analysis Issues and Data Sources

### A. Receipt of Program Services

Chapter 3 described the services available to the 2,138 experimentals in the research sample. It also made clear that not everyone assigned to the experimental group actually participated in ESP, although everyone assigned to experimental status was included in the calculation of average outcomes. Table 3.2 shows that 58.3 percent of all experimentals -- including 41.7 percent of applicant experimentals and 69.4 percent of recipient experimentals -- were counted as having participated in a program component. To the extent that nonparticipants were not affected by the program, the inclusion of these experimentals may have diluted the impacts attributable to participating experimentals.[2]

Very few of the 1,044 controls were served by the Employment Services Program; by design, none were supposed to be. However, on their own, substantial numbers of controls did enter and receive education and training services, many of the same types of services to which experimentals were referred by ESP staff. Although it was recognized (Chapter 3) that these employment and training services were available to all residents of the community meeting the various eligibility requirements -- and that anyone could enroll -- the number of controls doing so was not expected to be large. However, according to a special study involving a small subsample of controls, 15 percent of control recipients and 9 percent of control applicants did take part in training and education activities without referral assistance from ESP staff.[3] (See Table 4.1.) These levels were only 3.3 and 2.6 percentage points below the participation rates of experimentals. Thus, the expected experimental-control differential in education and training did not materialize, partly because of the lack of additional resources for agencies to provide such services, as well as their inability to forge difficult linkages quickly with outside education and training providers.

An important finding is that ESP was thus not able to substantially increase the receipt of education and training resources for the targeted population beyond that which they would have found on their own, and that the program effects discussed in this impact analysis could not have resulted from education and training services alone. While these services may well be effective for welfare groups and lead to promising outcomes, this study cannot address this issue.

B. Caseload Turnover Versus Impacts

A look at the average characteristics of the full sample reveals its potential employment barriers. (See Table 2.3.) Approximately 60 percent had spent more than two years on welfare in the past. Some 63 percent had not been employed during the previous year, and more than half had not

## TABLE 4.1

## VIRGINIA

## EXPERIMENTAL-CONTROL DIFFERENCES IN RECEIPT OF EDUCATION AND TRAINING ACTIVITIES BY TYPE OF ACTIVITY AND WELFARE STATUS

| Type of Activity | Full Sample | | | Applicants | | | Recipients | | |
|---|---|---|---|---|---|---|---|---|---|
| | Experimentals | Controls | Difference | Experimentals | Controls | Difference | Experimentals | Controls | Difference |
| JTPA Activity[a] | 5.5 | 4.8 | +0.7 | 4.8 | 5.2 | -0.4 | 5.9 | 4.6 | +1.3 |
| Public School or Community College Courses[b] | 6.1 | 7.9 | -1.8 | 6.1 | 4.1 | +2.0 | 6.1 | 10.4 | -4.3 |
| Unspecified Education or Training Activity[c] | 4.2 | 0.0 | +4.2 | 1.0 | 0.0 | +1.0 | 6.3 | 0.0 | +6.3 |
| Any Education or Training[d] | 15.8 | 12.7 | +3.1 | 11.9 | 9.3 | +2.6 | 18.3 | 15.0 | +3.3 |

SOURCE: MDRC calculations from VACIS and Fairfax activity data, survey of local public schools and community colleges, and data from JTPA information systems.

NOTES: These data are not regression adjusted.

[a] The JTPA subsample was 1500 experimentals and controls, randomly selected from the full sample.

[b] The public school and community college subsample was 360 experimentals and controls with equal numbers of randomly selected clients from each of eight office areas.

[c] Unspecified education or training activity used the full sample of 3182 experimentals and controls. This category counted participation that was recorded on the VACIS and Fairfax tracking systems and not accounted for by either of the above two categories. (In Fairfax County, cost estimations were calculated for a subsample of 183 experimentals whose case files were reviewed. The results from Fairfax County were weighted to equal the total number of Fairfax experimentals in the research sample.)

[d] Any education or training is a combined, unduplicated count of the above three categories.

received high school diplomas or GED certificates. On the other hand, about 40 percent of the full sample consisted of new applicants or re-applicants for welfare. More than half of this group had held a job at some time in the year prior to this current welfare application. (See Table 2.4.)

It is thus important to realize that dependency is not a permanent or even a long-term situation for many families. Within a short period of time, substantial numbers of welfare recipients find employment or leave the welfare rolls for other reasons. This pattern is exemplified by the typical behavior of controls: the applicants and recipients who were not eligible for the ESP array of services.

Three points stand out in an examination of control behavior. First, almost one-third of the control applicants never received welfare during the year after enrollment, many of them because their welfare applications were denied. Second, over this one-year period, the proportion of applicants who did receive welfare declined from 61.3 percent to 40.1 percent, and that of recipients from 97.6 percent to 73.3 percent.[4] Thus, even in the absence of the program, a substantial number of both applicants and recipients were never on or had left the rolls. Third, while some proportion of any welfare population will find jobs without the assistance of program services, not all people leave welfare because they have found jobs. During the fourth quarter, 29.5 percent of control applicants were employed and not on welfare. However, a similar proportion (28.6 percent) were not receiving welfare but did not have jobs. The rest were still receiving welfare, and a small proportion (about 10 percent) were holding a job from which the income was so low that they still qualified for benefits. (See Appendix Table F.1.)

The control recipient story is quite different. For example, recipients were much less likely than applicants to be off welfare and/or employed. Only 12.3 percent were both off welfare and employed; 13.0 percent were off welfare but not holding a job. Almost three-quarters were still on welfare one year after random assignment. (See Table F.1.)

### C. Combined Experimental Groups

It should be restated here that, as discussed in Chapter 2, the research design was developed to evaluate not only the full array of ESP services but also a specific sequence of job search followed by work experience. The intended difference between the sequences was to be the availability of training and education for the All ESP Services group. As noted in Chapter 3, however, the difference between the two experimental groups' participation in education or training programs was small; there was, consequently, no reason to expect that the impacts for the two program sequences would differ substantially. The conclusion reached in Chapter 3 was that, except in a few local agencies, both experimental groups received fairly similar program services, and any differences were not large enough to justify separate evaluation of each sequence. (In fact, impacts were estimated according to the original design and, with one exception, there were no statistically significant differences between the two experimental groups.)[5]

### D. Organization of Data Sources

Chapter 2 pointed out that the basic data sources for the impact analysis are records data: state and county AFDC welfare records of benefits paid to recipients, and earnings data that employers report to the state

Unemployment Insurance system. While AFDC records are kept on a monthly basis, UI data are recorded on a calendar quarter basis: that is, in three-month periods beginning in January, April, July and October.

Thus, calendar quarters are the point of reference in the discussion of employment and earnings, but for AFDC receipt and payment levels, the first quarter of follow-up begins in the month of random assignment. Thus, except where indicated, the quarters covered by the two sets of data do not exactly correspond.[6]

## III. Short-Term Impacts for the Full Sample

Table 4.2 presents the short-term impacts[7] of ESP on the full sample of applicants and recipients. Major outcomes examined are employment rates, average earnings, the proportion receiving welfare, and the level of welfare payments. One point is important to note before considering the following sections. Follow-up is nine months for employment and earnings; one year for welfare outcomes, in accordance with the data organization mentioned above. In addition, because the first quarter of employment can include job activity and earnings changes prior to a person's entry into the sample, first-quarter employment and earnings impacts are not considered true follow-up impacts. Impact quarters for these two measures are quarters two, three and four, and cumulative impacts are based only on quarters two through four.

Overall, the ESP program produced a modest 3.3 percentage point increase in the proportion of experimentals employed at any time during the second, third or fourth quarters. This impact was statistically signifi-

TABLE 4.2

VIRGINIA

ALL AFDC: IMPACTS OF THE EMPLOYMENT SERVICES PROGRAM
(AUGUST 1983 - SEPTEMBER 1984 IMPACT SAMPLE)

| Outcome and Follow-Up Period | Experimentals | Controls | Difference |
|---|---|---|---|
| Ever Employed, Quarters 2 - 4 (%)[a] | 43.8 | 40.5 | + 3.3* |
| Average Number of Quarters With Employment, Quarters 2 - 4[a] | 0.94 | 0.85 | + 0.09** |
| Ever Employed (%) | | | |
| Quarter of Random Assignment | 27.2 | 25.7 | + 1.5 |
| Quarter 2 | 28.3 | 26.4 | + 1.9 |
| Quarter 3 | 31.2 | 27.9 | + 3.3** |
| Quarter 4 | 34.4 | 30.5 | + 3.9** |
| Average Total Earnings, Quarters 2-4 ($)[a] | 1119.05 | 1038.16 | +80.89 |
| Average Total Earnings ($) | | | |
| Quarter of Random Assignment | 221.29 | 224.22 | - 2.93 |
| Quarter 2 | 284.71 | 284.64 | + 0.06 |
| Quarter 3 | 380.65 | 346.14 | +34.51 |
| Quarter 4 | 453.70 | 407.38 | +46.32 |
| Ever Received Any AFDC Payments Quarters 1 - 4 (%) | 86.0 | 86.1 | - 0.1 |
| Average Number of Months Receiving AFDC Payments, Quarters 1 - 4 | 7.75 | 7.90 | - 0.14 |
| Ever Received Any AFDC Payments (%) | | | |
| Quarter of Random Assignment | 82.8 | 82.9 | - 0.2 |
| Quarter 2 | 76.3 | 76.4 | - 0.0 |
| Quarter 3 | 65.9 | 67.5 | - 1.6 |
| Quarter 4 | 59.7 | 59.8 | - 0.1 |
| Average Total AFDC Payments Received, Quarters 1 - 4 ($) | 1923.28 | 2006.87 | -83.59** |
| Average AFDC Payments Received ($) | | | |
| Quarter of Random Assignment | 542.23 | 551.47 | - 9.24 |
| Quarter 2 | 522.52 | 546.71 | -24.19* |
| Quarter 3 | 447.95 | 478.31 | -30.36** |
| Quarter 4 | 410.58 | 430.38 | -19.80 |
| Sample Size | 2138 | 1044 | |

(continued)

TABLE 4.2 (continued)

SOURCE: MDRC calculations from Commonwealth of Virginia Unemployment Insurance earnings records, welfare records from the Virginia Automated Client Information System, and Fairfax County AFDC case files.

NOTES: These data include zero values for sample members not employed and for sample members not receiving welfare. These data are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members. Due to rounding, there may be some discrepancies in calculating sums and differences.

The quarter of random assignment refers to the calendar quarter during which an individual entered the sample for employment and earnings data. For AFDC payments, the quarter of random assignment refers to the three months beginning with the month of random assignment.

[a] Quarter 1, the quarter of random assignment, may contain some earnings from the period prior to random assignment and is therefore excluded from measures of total follow-up for employment and earnings.

A two-tailed t-test was applied to differences between experimental and control groups. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; *** = 1 percent.

cant.[8] When the data are examined quarter by quarter, the impacts can be seen to increase slightly, reaching statistical significance in the third and fourth quarters. In quarter three, the experimental employment rate was 3.3 percentage points higher than the rate for controls, 27.9 percent. In quarter four, the experimental rate had risen to 34.4 percent; the impact of the program had risen to 3.9 percentage points, which represents a 12.8 percent gain over the control mean of 30.5 percent. There were no statistically significant earnings differences between the two groups, although average earnings for experimentals rose above the control mean of $1,038 by $81 during the follow-up period.

There were also no significant changes in the proportion of experimentals receiving AFDC income, either cumulatively or by quarter. Over the four quarters, 86.0 percent of experimentals versus 86.1 percent of controls ever received welfare payments. This suggests that the program did not deter individuals from continuing with their welfare applications, or from receiving benefits.

In contrast, cumulative welfare payments to experimentals ($1,923.28) averaged about $84 less than cumulative payments to controls ($2,006.87). Reductions were statistically significant in quarters two and three, with welfare savings of $24 and $30, respectively. This trend toward increased savings was reversed in quarter four, where the difference of only $20 was not statistically significant.

Generally, however, it can be concluded that the small gains in employment for experimentals were accompanied by modest reductions in welfare grants, although, in the short term, the program did not succeed in reducing the caseload.

## IV. Impacts Among Applicants

As noted previously, impacts were analyzed separately for the two important subgroups of the full sample -- people who were either new applicants for welfare (or re-applying for aid), and those who were recipients, whether already mandatory or newly determined mandatory (usually because their youngest child had become school-age) when they were randomly assigned. (See Appendix Tables F.7 and F.8.) Differences in demographic and background characteristics of the two groups and their somewhat different participation rates in the various ESP components had suggested that separate analysis could reveal much about the effectiveness of the ESP strategy for different groups of the welfare population, particularly for the existing longer-term recipient caseload. This group has not been studied in other programs as yet evaluated in the MDRC demonstration.

This analysis of 1,285 applicants and 1,897 recipients focuses first on the impacts of each group during the short-term and then follows the trends through an additional two quarters using the early portion of either the full applicant or recipient sample: those persons who were randomly assigned between August 1983 and the end of March 1984. The early sample is described in more detail below, in Section B.

### A. Short-Term Applicant Impacts

Table 4.3 shows that, among applicant experimentals, employment had increased to a greater degree than for the full sample of experimentals: Cumulatively, 59.5 percent of the experimentals were employed over the nine-month follow-up period compared to 54.1 percent of controls, for a

## TABLE 4.3

## VIRGINIA

## AFDC APPLICANTS: IMPACTS OF THE EMPLOYMENT SERVICES PROGRAM
## (AUGUST 1983 - SEPTEMBER 1984 IMPACT SAMPLE)

| Outcome and Follow-Up Period | Experimentals | Controls | Difference |
|---|---|---|---|
| Ever Employed, Quarters 2 - 4 (%)[a] | 59.5 | 54.1 | +5.4* |
| Average Number of Quarters With Employment, Quarters 2 - 4[a] | 1.32 | 1.17 | +0.15** |
| Ever Employed (%) | | | |
| Quarter of Random Assignment | 45.7 | 47.1 | -1.4 |
| Quarter 2 | 41.3 | 39.3 | +2.0 |
| Quarter 3 | 44.0 | 37.8 | +6.1** |
| Quarter 4 | 46.8 | 39.6 | +7.2** |
| Average Total Earnings, Quarters 2-4 ($)[a] | 1631.87 | 1504.57 | +127.30 |
| Average Total Earnings ($) | | | |
| Quarter of Random Assignment | 393.13 | 443.34 | -50.20 |
| Quarter 2 | 423.22 | 452.59 | -29.37 |
| Quarter 3 | 561.89 | 492.70 | +69.19 |
| Quarter 4 | 646.76 | 559.28 | +87.47 |
| Ever Received Any AFDC Payments, Quarters 1 - 4 (%) | 69.3 | 69.2 | +0.1 |
| Average Number of Months Receiving AFDC Payments, Quarters 1 - 4 | 4.96 | 5.10 | -0.14 |
| Ever Received Any AFDC Payments (%) | | | |
| Quarter of Random Assignment | 61.8 | 61.3 | +0.4 |
| Quarter 2 | 58.6 | 56.2 | +2.4 |
| Quarter 3 | 44.7 | 45.7 | -1.0 |
| Quarter 4 | 37.8 | 40.2 | -2.4 |
| Average Total AFDC Payments Received, Quarters 1 - 4 ($) | 1202.46 | 1277.68 | -75.22 |
| Average AFDC Payments Received ($) | | | |
| Quarter of Random Assignment | 315.79 | 314.51 | + 1.28 |
| Quarter 2 | 369.74 | 384.69 | -14.95 |
| Quarter 3 | 274.91 | 307.77 | -32.86 |
| Quarter 4 | 242.02 | 270.70 | -28.69 |
| Sample Size | 857 | 428 | |

SOURCE AND NOTES: See Table 4.2.

statistically significant 5.4 percentage point impact. The average number of quarters experimentals were employed increased by almost 13 percent, from 1.17 to 1.32 months. Quarter by quarter, experimental employment rose from a level close to that of controls in the first two quarters so that, by quarter four, 46.8 percent of experimentals were employed versus 39.6 percent of controls, for a statistically significant impact of 7.2 percentage points. (See Figure 4.1.)

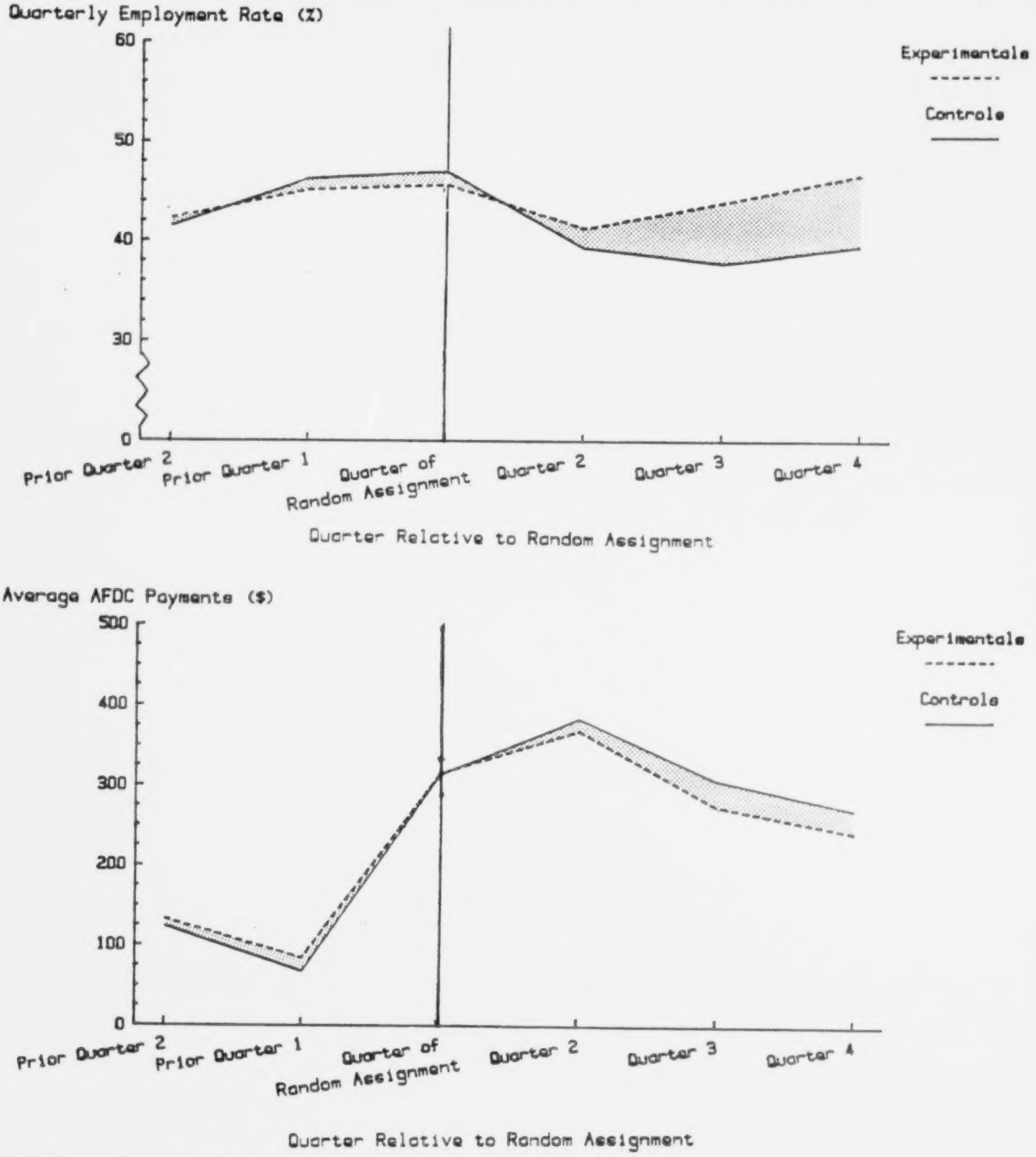
Earnings reflected the almost equal experimental-control employment rates in the first two quarters, with experimentals initially earning somewhat less than controls. Impacts went from negative to positive, turning upward and increasing: the cumulative nine-month impact of $127.30 was an 8.5 percent increase relative to the control mean of $1,504.57. The highest gain was registered in quarter four, but none of the earnings differences were statistically significant, perhaps because this measure varies to a greater degree person by person than other outcome measures, thus making it difficult to detect differences that are meaningful -- that is, statistically significant -- and not due to chance.

ESP did not result in statistically significant reductions in the proportions of applicants receiving welfare during the one-year follow-up nor in significantly lower levels of welfare benefits. More than two-thirds of both experimentals and controls received some AFDC payments during this time, with both groups spending on average about two-fifths of the year on welfare. Controls received about $1,280 in welfare payments over the 12 months, and welfare savings for experimentals averaged only $75. Nevertheless, while none of the differences was statistically

FIGURE 4.1

VIRGINIA

## AFDC APPLICANTS: TRENDS IN QUARTERLY EMPLOYMENT RATES AND AVERAGE AFDC PAYMENTS (AUGUST 1983 - SEPTEMBER 1984 IMPACT SAMPLE)



SOURCE: See Table 4.3

significant, welfare reductions were somewhat larger during the last quarters of follow-up. (See Figure 4.1.)

## B. Composition of the Early Sample

Of the 3,182 members in the full sample, 2,301 were randomly assigned before April 1984 and thus made up an early sample for whom six quarters of follow-up data were collected. Within this sample, 744 were applicants; the rest (1,557) recipients. Composition of this early sample differed from the later one because, as discussed in Chapter 3, the local agencies had enrolled their existing recipient caseloads into the sample first, along with any current applicants and newly determined mandatory recipients. Thus, while the applicant portion of the early sample is representative of the later applicant sample, the characteristics of the early recipient sample should be quite different from those of the later recipient sample. Later recipients were more frequently those newly determined mandatory, not ones drawn from the existing caseload.

The importance of the longer follow-up should be noted again. Because the Employment Services Program was to be a multi-component sequence of services, it could take some time for sample members who participated in more than one component to do so. Reassessment after each component could further delay the process. In addition, educational programs and training courses are not short-term activities, and, even though this evaluation cannot address their relative effectiveness, the extended follow-up allows the maximum amount of study.

## C. Longer-Term Applicant Impacts

As shown in Table 4.4 and Figure 4.2, employment increased among early applicant experimentals over the longer-term (i.e., 18 months or six

TABLE 4.4

VIRGINIA

AFDC APPLICANTS: LONGER-TERM IMPACTS OF THE EMPLOYMENT SERVICES PROGRAM
(AUGUST 1983 - MARCH 1984 IMPACT SAMPLE)

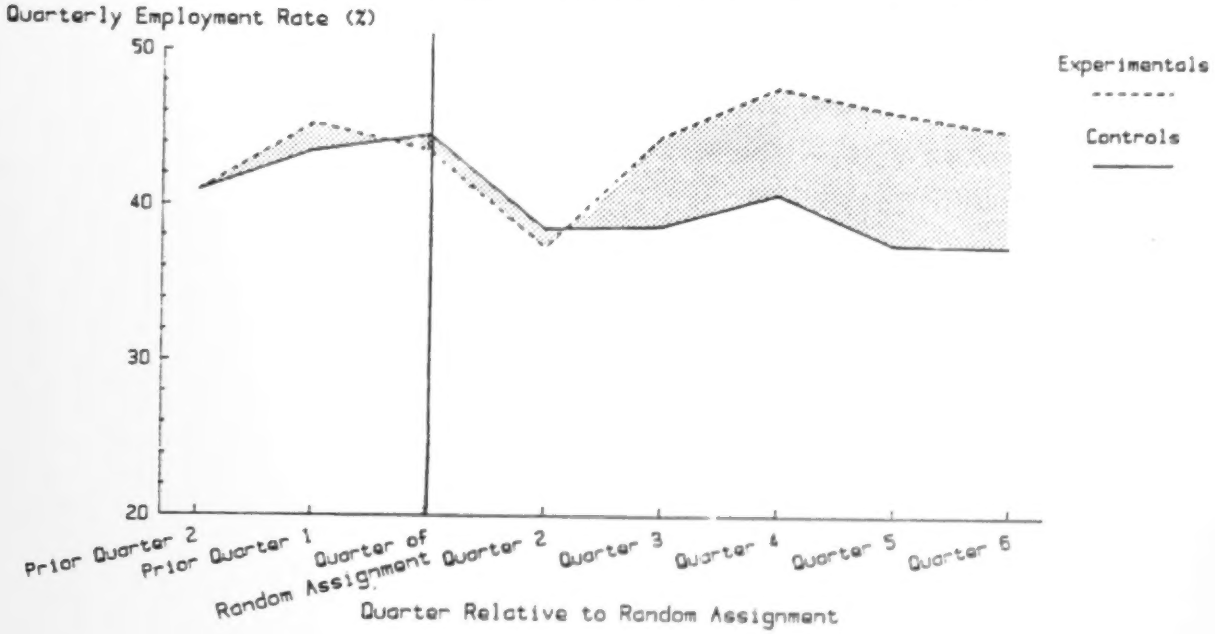
| Outcome and Follow-Up Period | Experimentals | Controls | Difference |
|---|---|---|---|
| Ever Employed, Quarters 2 - 6 (%)[a] | 66.7 | 62.8 | +3.9 |
| Average Number of Quarters With Employment, Quarters 2 - 6[a] | 2.21 | 1.93 | +0.28* |
| Ever Employed (%) | | | |
| Quarter of Random Assignment | 43.5 | 44.6 | -1.1 |
| Quarter 2 | 37.3 | 38.5 | -1.3 |
| Quarter 3 | 44.5 | 38.7 | +5.8 |
| Quarter 4 | 47.7 | 40.8 | +6.9* |
| Quarter 5 | 46.1 | 37.5 | +8.6** |
| Quarter 6 | 44.9 | 37.4 | +7.5** |
| Average Total Earnings, Quarters 2-6 ($)[a] | 2884.98 | 2483.49 | +401.49 |
| Average Total Earnings ($) | | | |
| Quarter of Random Assignment | 358.69 | 428.20 | - 70.52 |
| Quarter 2 | 388.08 | 400.05 | - 11.97 |
| Quarter 3 | 535.22 | 482.31 | + 52.91 |
| Quarter 4 | 630.38 | 540.65 | + 89.73 |
| Quarter 5 | 640.20 | 535.38 | +104.81 |
| Quarter 6 | 691.10 | 525.10 | +166.01** |
| Ever Received Any AFDC Payments, Quarters 1 - 6 (%) | 72.2 | 75.1 | -2.9 |
| Average Number of Months Receiving AFDC Payments, Quarters 1 - 6 | 6.96 | 7.74 | -0.77 |
| Ever Received Any AFDC Payments (%) | | | |
| Quarter of Random Assignment | 63.1 | 64.7 | -1.6 |
| Quarter 2 | 60.1 | 61.5 | -1.3 |
| Quarter 3 | 47.7 | 50.0 | -2.3 |
| Quarter 4 | 39.4 | 43.2 | -3.8 |
| Quarter 5 | 37.3 | 42.0 | -4.6 |
| Quarter 6 | 32.4 | 40.8 | -8.4** |
| Average Total AFDC Payments Received, Quarters 1 - 6 ($) | 1677.03 | 1908.59 | -231.56* |
| Average AFDC Payments Received ($) | | | |
| Quarter of Random Assignment | 316.12 | 324.00 | - 7.88 |
| Quarter 2 | 376.25 | 406.88 | -30.63 |
| Quarter 3 | 283.01 | 327.32 | -44.31 |
| Quarter 4 | 250.44 | 297.07 | -46.64* |
| Quarter 5 | 241.51 | 278.26 | -36.75 |
| Quarter 6 | 209.69 | 275.06 | -65.36** |
| Sample Size | 492 | 251 | |

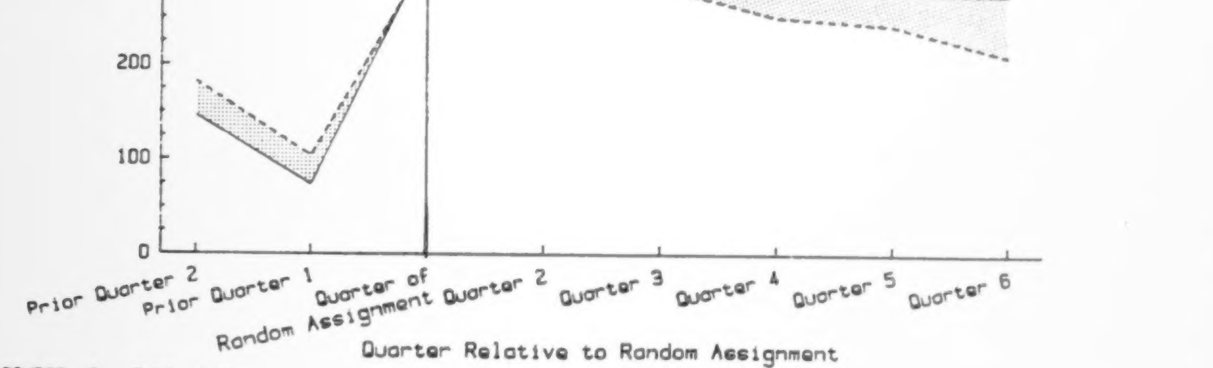
SOURCE AND NOTES: See Table 4.2.

FIGURE 4.2

VIRGINIA

AFDC APPLICANTS: TRENDS IN QUARTERLY EMPLOYMENT RATES AND AVERAGE AFDC PAYMENTS (AUGUST 1983 - MARCH 1984 IMPACT SAMPLE)





SOURCE: See Table 4.4.

quarters of follow-up), basically following the four-quarter trend (Table 4.3). In the last three quarters of the six-quarter follow-up, employment impacts were 6.9, 8.6 and 7.5 percentage points, respectively, with each of these impacts statistically significant. Essentially, employment rates for both applicant experimental and control groups had taken similar paths over the 18-month period. From a low in quarter two, the rates of both groups, especially the experimentals, increased in quarters three and four, and then dropped lower in the last two quarters. As Table 4.4 shows, the experimentals stayed ahead of controls after quarter two. At a not statistically significant 3.9 percentage points, the cumulative impact was similar to that for the full sample, but lower than the significant 5.4 percentage point gain of the full applicant sample.

Quarter-by-quarter earnings impacts closely paralleled employment impacts, with the difference negative in the second quarter but then turning positive and continuing to increase slightly. The earnings gain in the sixth quarter was $166.01, a statistically significant amount that was 32 percent higher than the control group mean of $525.

Also, in the 18-month period, the program reduced the cumulative amount of welfare benefits paid to applicants by a statistically significant $231.56, a 12 percent difference from the control mean of $1,908.59. The impacts were fairly similar quarter by quarter (except for quarter one) until the sixth quarter, when the statistically significant reduction of $65.36 represented a change of 24 percent from the control group mean of $275.06. The difference in the proportion receiving welfare both cumulatively and by quarter remained relatively unchanged by the program until the sixth quarter. At that point, the 8.4 percentage point difference in the percentage of people receiving any payments was statistically significant and showed that, for the first time, ESP had had an effect on the size of the caseload.

## V. Impacts Among Recipients

This section presents impacts for the 1,897 sample members who were recipients when they were randomly assigned -- both those who were already mandatory as well as those newly determined mandatory during the period of random assignment. Short-term impacts over four quarters are presented first in Table 4.5, while Table 4.6 and a discussion of longer-term impacts for the early sample of recipients follows.

### A. Short-Term Recipient Impacts

As seen in Table 4.5, the program produced a small employment gain for recipient experimentals, amounting to 2.2 percentage points. This gain, based on a control group mean of 31.1 percent, was not statistically significant. Quarter by quarter, the size of the impact declined from a statistically significant 3.4 percentage points in the quarter of random assignment to a nonsignificant 1.8 point difference at the end of the follow-up. (See Figure 4.3.) The first-quarter gain in this case is worth noting. While quarter one is not usually considered a true impact quarter for employment -- and should not be so construed for the applicant sample -- there was so little prior employment among recipients that the first quarter may in fact reflect an immediate program impact -- one that deteriorated rapidly.

While the absolute average earnings of both experimentals and controls improved over the four-quarter period, there were no statistically signifi-

## TABLE 4.5

## VIRGINIA

## AFDC RECIPIENTS: IMPACTS OF THE EMPLOYMENT SERVICES PROGRAM (AUGUST 1983 - SEPTEMBER 1984 IMPACT SAMPLE)

| Outcome and Follow-Up Period | Experimentals | Controls | Difference |
|---|---|---|---|
| Ever Employed, Quarters 2 - 4 (%)[a] | 33.4 | 31.1 | +2.2 |
| Average Number of Quarters With Employment, Quarters 2 - 4[a] | 0.68 | 0.62 | +0.06 |
| Ever Employed (%) | | | |
| Quarter of Random Assignment | 14.7 | 11.3 | +3.4** |
| Quarter 2 | 19.7 | 17.4 | +2.3 |
| Quarter 3 | 22.8 | 20.9 | +1.9 |
| Quarter 4 | 26.0 | 24.2 | +1.8 |
| Average Total Earnings, Quarters 2-4 ($)[a] | 776.12 | 713.82 | +62.30 |
| Average Total Earnings ($) | | | |
| Quarter of Random Assignment | 103.66 | 77.51 | +26.15 |
| Quarter 2 | 191.82 | 168.41 | +23.41 |
| Quarter 3 | 260.58 | 241.86 | +18.72 |
| Quarter 4 | 323.72 | 303.55 | +20.18 |
| Ever Received Any AFDC Payments, Quarters 1 - 4 (%) | 97.2 | 97.8 | -0.6 |
| Average Number of Months Receiving AFDC Payments, Quarters 1 - 4 | 9.64 | 9.81 | -0.18 |
| Ever Received Any AFDC Payments (%) | | | |
| Quarter of Random Assignment | 96.9 | 97.6 | -0.7 |
| Quarter 2 | 88.2 | 90.3 | -2.1 |
| Quarter 3 | 80.1 | 82.4 | -2.3 |
| Quarter 4 | 74.4 | 73.2 | +1.2 |
| Average Total AFDC Payments Received, Quarters 1 - 4 ($) | 2407.80 | 2508.79 | -100.99** |
| Average AFDC Payments Received ($) | | | |
| Quarter of Random Assignment | 695.30 | 712.83 | -17.53 |
| Quarter 2 | 625.18 | 658.36 | -33.18** |
| Quarter 3 | 563.95 | 596.32 | -32.37** |
| Quarter 4 | 523.36 | 541.28 | -17.92 |
| Sample Size | 1281 | 616 | |

(continued)

TABLE 4.5 (continued)

SOURCE: MDRC calculations from Commonwealth of Virginia Unemployment Insurance earnings records, welfare records from the Virginia Automated Client Information System, and Fairfax County AFDC case files.

NOTES: These data include zero values for sample members not employed and for sample members not receiving welfare. These data are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members. Due to rounding, there may be some discrepancies in calculating sums and differences.

The quarter of random assignment refers to the calendar quarter during which an individual entered the sample for employment and earnings data. For AFDC payments, the quarter of random assignment refers to the three months beginning with the month of random assignment.

Because of underreporting or immediate termination of welfare benefits, the percentage of recipients receiving AFDC payments in the quarter of random assignment does not equal 100.

[a] Quarter 1, the quarter of random assignment, may contain some earnings from the period prior to random assignment and is therefore excluded from measures of total follow-up for employment and earnings.

A two-tailed t-test was applied to differences between experimental and control groups. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; *** = 1 percent.

## TABLE 4.6

## VIRGINIA

## AFDC RECIPIENTS: LONGER-TERM IMPACTS OF THE EMPLOYMENT SERVICES PROGRAM (AUGUST 1983 - MARCH 1984 IMPACT SAMPLE)

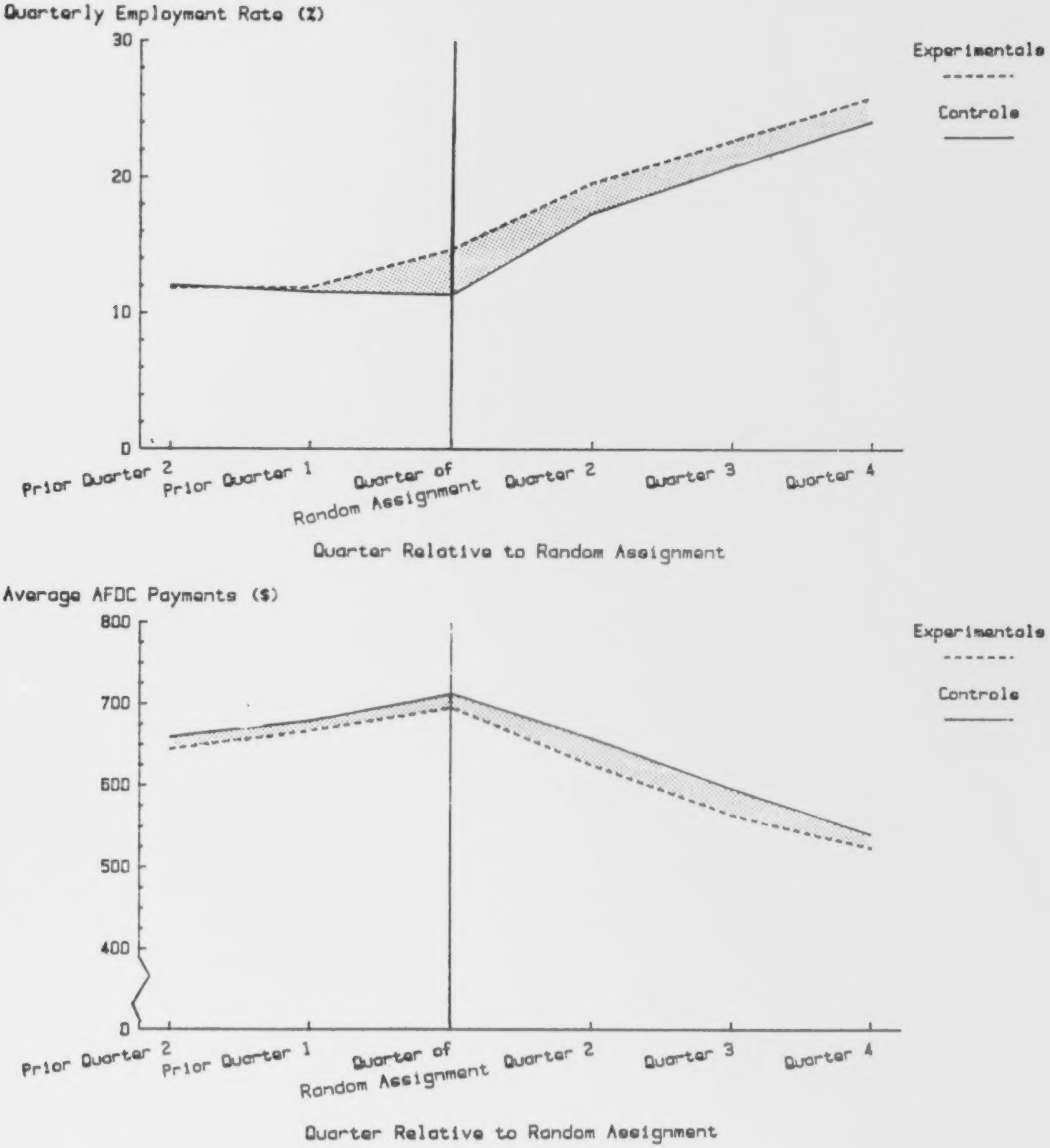
| Outcome and Follow-Up Period | Experimentals | Controls | Difference |
|---|---|---|---|
| Ever Employed, Quarters 2 - 6 (%)[a] | 40.9 | 37.2 | +3.6 |
| Average Number of Quarters With Employment, Quarters 2 - 6[a] | 1.20 | 1.08 | +0.12 |
| Ever Employed (%) | | | |
| Quarter of Random Assignment | 14.3 | 10.7 | +3.6** |
| Quarter 2 | 18.9 | 15.8 | +3.1 |
| Quarter 3 | 22.5 | 19.9 | +2.5 |
| Quarter 4 | 25.8 | 23.4 | +2.5 |
| Quarter 5 | 26.8 | 26.2 | +0.5 |
| Quarter 6 | 25.8 | 22.3 | +3.4 |
| Average Total Earnings, Quarters 2-6 ($)[a] | 1486.78 | 1310.22 | +176.56 |
| Average Total Earnings ($) | | | |
| Quarter of Random Assignment | 99.55 | 70.13 | +29.42 |
| Quarter 2 | 187.40 | 152.51 | +34.89 |
| Quarter 3 | 262.84 | 225.07 | +37.77 |
| Quarter 4 | 320.09 | 284.33 | +35.76 |
| Quarter 5 | 361.33 | 341.89 | +19.44 |
| Quarter 6 | 355.14 | 306.43 | +48.70 |
| Ever Received Any AFDC Payments, Quarters 1 - 6 (%) | 97.5 | 97.8 | -0.3 |
| Average Number of Months Receiving AFDC Payments, Quarters 1 - 6 | 13.49 | 13.56 | -0.07 |
| Ever Received Any AFDC Payments (%) | | | |
| Quarter of Random Assignment | 97.1 | 97.6 | -0.5 |
| Quarter 2 | 88.7 | 91.0 | -2.3 |
| Quarter 3 | 80.4 | 82.8 | -2.3 |
| Quarter 4 | 74.4 | 72.8 | +1.5 |
| Quarter 5 | 69.5 | 66.3 | +3.2 |
| Quarter 6 | 66.0 | 64.1 | +2.0 |
| Average Total AFDC Payments Received, Quarters 1 - 6 ($) | 3319.45 | 3401.80 | -82.35 |
| Average AFDC Payments Received ($) | | | |
| Quarter of Random Assignment | 691.16 | 705.68 | -14.52 |
| Quarter 2 | 621.67 | 650.23 | -28.56* |
| Quarter 3 | 560.18 | 589.38 | -29.20* |
| Quarter 4 | 519.61 | 530.06 | -10.45 |
| Quarter 5 | 476.81 | 470.58 | + 6.23 |
| Quarter 6 | 450.03 | 455.88 | - 5.85 |
| Sample Size | 1050 | 507 | |

SOURCE AND NOTES: See Table 4.5.

FIGURE 4.3

VIRGINIA

AFDC RECIPIENTS: TRENDS IN QUARTERLY EMPLOYMENT RATES AND AVERAGE AFDC PAYMENTS (AUGUST 1983 - SEPTEMBER 1984 IMPACT SAMPLE)



SOURCE: See Table 4.5.

cant impacts for experimentals in any quarter. The cumulative earnings impact over quarters two through four was $62.30, a difference that was also not statistically significant.

In contrast, recipients were paid lower benefits over the short term, with significant welfare savings over one year of $100.99. Quarter by quarter, however, the data show that most of the savings came in the second and third quarters. By the fourth quarter, the experimental-control difference had dropped to the not significant level of quarter one. Thus, welfare savings that recipients realized in the short run did not seem to endure. The proportion receiving welfare remained essentially the same for both groups.

### B. Longer-Term Recipient Impacts

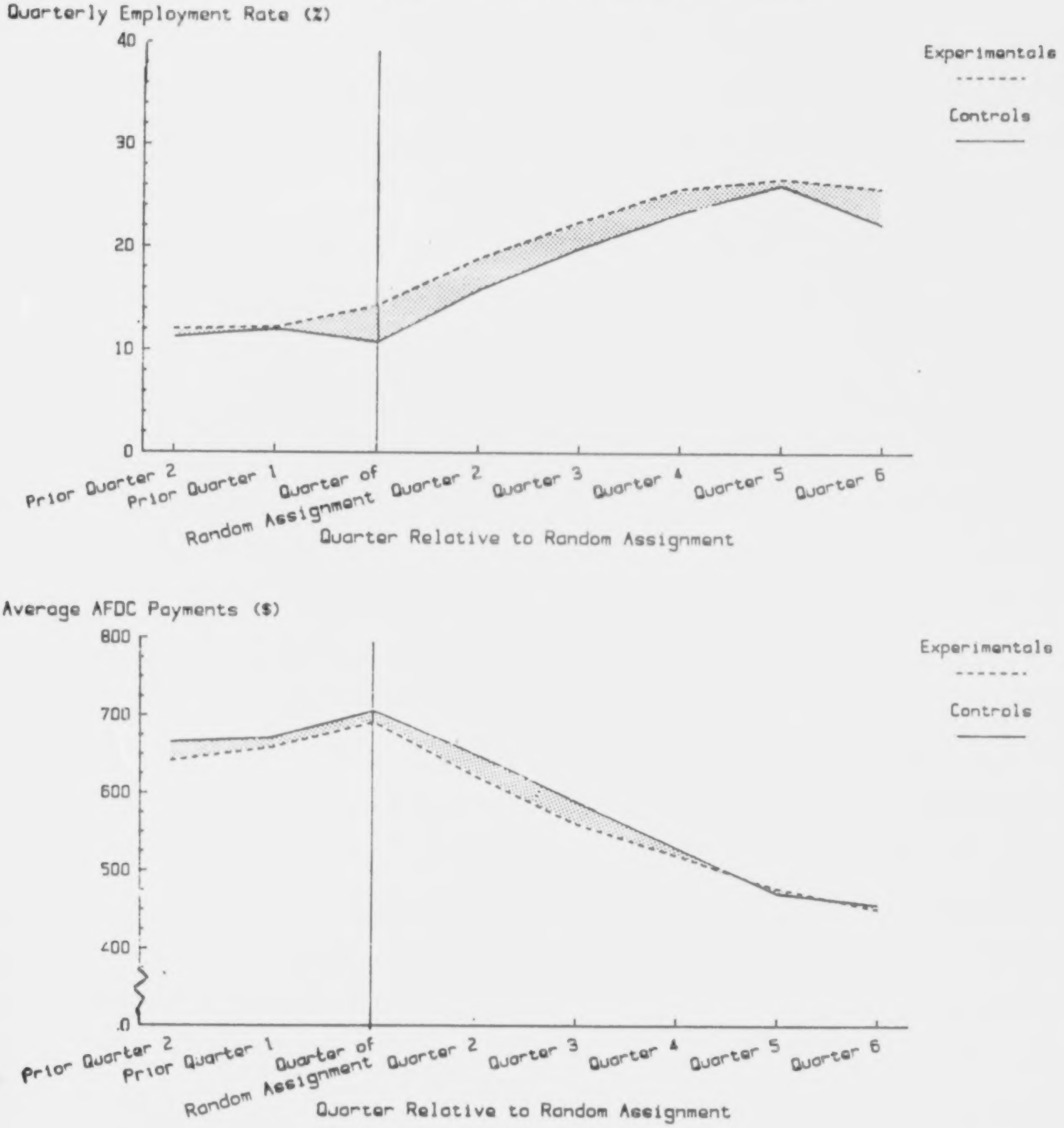
Table 4.6 shows the impacts for the 1,557 recipients who were randomly assigned before April 1984, a group drawn primarily from the existing recipient caseloads of the agencies. Like the full sample, the early recipient sample experienced immediate employment gains in quarters one and two, although these declined until quarter six, when the impact again reached the over 3 percentage point level of the first two quarters. (See Figure 4.4.) Only the first quarter impact was statistically significant, however.

The cumulative employment impact of 3.6 percentage points was not significant for recipients, nor was the cumulative earnings impact. The cumulative earnings advantage for experimentals was in excess of $175 -- more than 13 percent of the average for controls (at about $1,300). However, none of the earnings impacts -- either quarterly or cumulative -- was statistically significant.

FIGURE 4.4

VIRGINIA

AFDC RECIPIENTS: TRENDS IN QUARTERLY EMPLOYMENT RATES AND AVERAGE AFDC PAYMENTS (AUGUST 1983 - MARCH 1984 IMPACT SAMPLE)



SOURCE: See Table 4.6.

In line with these early small employment and earnings gains, welfare payments for experimentals declined in the second and third quarters, with the impacts in those quarters statistically significant. By quarters five and six, however, there were no longer any impacts at all. This pattern mirrors that of the full recipient sample, except that the early recipients' quarterly welfare savings were somewhat smaller. The proportion receiving welfare in this early sample did not change significantly.

In light of these findings, it seems reasonable to conclude that ESP exerted little enduring influence on the employment and welfare behavior of recipients, particularly those who had been on the caseload for some time. Early favorable signs of reduced welfare dependency did not hold up over the longer term. Given the stronger findings for the applicant sample, both in the short- and longer-term, the program's significant impacts on the full sample appear to stem almost exclusively from the larger impacts on applicants. However, it will be important to examine other subgroups of the full sample, as well as the benefit-cost analysis in Chapter 5, which takes a broader view of the subgroup findings.

## VI. Urban and Rural Impacts

Some 2,507 sample members, or 78.8 percent of the total sample, came from one of the four agencies in the urban areas of northern Virginia. In contrast, 675, or 21.2 percent of the full sample, were randomly assigned from one of the seven agencies located in the predominantly rural counties of southwestern and south central Virginia. Because local labor market conditions varied, as did state payment standards and sample members' demographic and background characteristics, the urban and rural samples were examined separately over the short term to see if ESP worked differently in different environments.

Tables 4.7 and 4.8 show the results of separate impact estimates for the two samples. Table 4.7 shows that employment impacts for the urban sample were somewhat larger than those for the total sample. The cumulative employment impact for urban experimentals was a statistically significant 3.8 percentage points, with quarterly employment gains increasing from 3.3 percentage points in the second quarter to a significant 4.5 percentage point gain in the last quarter, on a base employment rate of 31.9 percent for controls.

Welfare savings were also statistically significant in quarters two through four and for the four quarters cumulatively. Over the one-year period, urban experimentals, compared to urban controls, received $111 less in welfare payments, going down from a control average of $2,085.71. This may reflect the earnings impacts in the last two quarters, which were, however, not statistically significant.

It appears that ESP was not as effective in the rural agencies, although, because of the small sample sizes, it was difficult to assess results. Table 4.8 reveals no statistically significant impacts on any outcome measures and no clear trends. When the sample was further subdivided into rural applicants and rural recipients (as seen in Table 4.9 and 4.10), not surprisingly, only one of the impacts was significantly different from zero.

In contrast, there were notable impacts for the urban applicants in employment (Table 4.9). While there was no significant cumulative impact, the employment effects rose significantly in quarters three and four to

TABLE 4.7

VIRGINIA

## URBAN APPLICANTS AND RECIPIENTS: IMPACTS OF THE EMPLOYMENT SERVICES PROGRAM

(AUGUST 1983 - SEPTEMBER 1984 IMPACT SAMPLE)

| Outcome and Follow-Up Period | Experimentals | Controls | Difference |
|---|---|---|---|
| Ever Employed, Quarters 2 - 4 (%)[a] | 46.8 | 43.0 | +3.8* |
| Average Number of Quarters With Employment, Quarters 2 - 4[a] | 1.00 | 0.88 | +0.12** |
| Ever Employed (%) | | | |
| Quarter of Random Assignment | 29.3 | 27.5 | +1.8 |
| Quarter 2 | 30.5 | 27.2 | +3.3* |
| Quarter 3 | 33.3 | 29.4 | +4.0** |
| Quarter 4 | 36.4 | 31.9 | +4.5** |
| Average Total Earnings, Quarters 2-4 ($)[a] | 1189.88 | 1089.81 | +100.07 |
| Average Total Earnings ($) | | | |
| Quarter of Random Assignment | 236.22 | 241.71 | - 5.49 |
| Quarter 2 | 307.25 | 307.08 | + 0.17 |
| Quarter 3 | 405.64 | 356.70 | +48.95 |
| Quarter 4 | 476.99 | 426.04 | +50.95 |
| Ever Received Any AFDC Payments, Quarters 1 - 4 (%) | 85.2 | 86.2 | -1.0 |
| Average Number of Months Receiving AFDC Payments, Quarters 1 - 4 | 7.67 | 7.88 | -0.21 |
| Ever Received Any AFDC Payments (%) | | | |
| Quarter of Random Assignment | 82.0 | 82.6 | -0.5 |
| Quarter 2 | 75.7 | 76.4 | -0.6 |
| Quarter 3 | 65.5 | 67.5 | -2.1 |
| Quarter 4 | 59.0 | 60.0 | -1.0 |
| Average Total AFDC Payments Received, Quarters 1 - 4 ($) | 1974.71 | 2085.71 | -111.00** |
| Average AFDC Payments Received ($) | | | |
| Quarter of Random Assignment | 558.10 | 572.49 | -14.40 |
| Quarter 2 | 536.15 | 568.96 | -32.81** |
| Quarter 3 | 460.08 | 497.52 | -37.44** |
| Quarter 4 | 420.40 | 446.74 | -26.35* |
| Sample Size | 1684 | 823 | |

SOURCE AND NOTES: See Table 4.2.

## TABLE 4.8

## VIRGINIA

## RURAL APPLICANTS AND RECIPIENTS: IMPACTS OF THE EMPLOYMENT SERVICES PROGRAM
## (AUGUST 1983 - SEPTEMBER 1984 IMPACT SAMPLE)

| Outcome and Follow-Up Period | Experimentals | Controls | Difference |
|---|---|---|---|
| Ever Employed, Quarters 2 - 4 (%)[a] | 32.9 | 31.5 | +1.4 |
| Average Number of Quarters With Employment, Quarters 2 - 4[a] | 0.71 | 0.71 | -0.00 |
| Ever Employed (%) | | | |
| Quarter of Random Assignment | 19.7 | 18.7 | +1.0 |
| Quarter 2 | 20.4 | 22.9 | -2.5 |
| Quarter 3 | 23.4 | 22.5 | +0.9 |
| Quarter 4 | 26.9 | 25.3 | +1.6 |
| Average Total Earnings, Quarters 2-4 ($)[a] | 850.25 | 858.35 | - 8.10 |
| Average Total Earnings ($) | | | |
| Quarter of Random Assignment | 167.28 | 156.20 | +11.08 |
| Quarter 2 | 200.36 | 202.59 | - 2.23 |
| Quarter 3 | 286.30 | 310.23 | -23.94 |
| Quarter 4 | 363.60 | 345.53 | +18.06 |
| Ever Received Any AFDC Payments, Quarters 1 - 4 (%) | 88.8 | 86.0 | +2.8 |
| Average Number of Months Receiving AFDC Payments, Quarters 1 - 4 | 8.09 | 7.95 | +0.14 |
| Ever Received Any AFDC Payments (%) | | | |
| Quarter of Random Assignment | 85.3 | 84.5 | +0.7 |
| Quarter 2 | 78.5 | 76.3 | +2.2 |
| Quarter 3 | 67.6 | 67.1 | +0.5 |
| Quarter 4 | 62.4 | 58.6 | +3.8 |
| Average Total AFDC Payments Received, Quarters 1 - 4 ($) | 1733.31 | 1711.66 | +21.65 |
| Average AFDC Payments Received ($) | | | |
| Quarter of Random Assignment | 481.94 | 476.15 | + 5.78 |
| Quarter 2 | 471.91 | 464.08 | + 7.83 |
| Quarter 3 | 404.11 | 404.44 | - 0.33 |
| Quarter 4 | 375.35 | 366.98 | + 8.37 |
| Sample Size | 454 | 221 | |

SOURCE AND NOTES: See Table 4.2.

## TABLE 4.9

## VIRGINIA

## URBAN AND RURAL APPLICANTS: IMPACTS OF THE EMPLOYMENT SERVICES PROGRAM (AUGUST 1983 - SEPTEMBER 1984 IMPACT SAMPLE)

| Outcome and Follow-Up Quarter | Urban Applicants | | | Rural Applicants | | |
|---|---|---|---|---|---|---|
| | Experimentals | Controls | Difference | Experimentals | Controls | Difference |
| Ever Employed, Quarters 2 - 4 (%) | 62.1 | 57.1 | +4.9 | 50.2 | 42.1 | +8.1 |
| Average Number of Quarters With Employment, Quarters 2 - 4 | 1.38 | 1.22 | +0.15* | 1.13 | 0.96 | +0.17 |
| Ever Employed (%) | | | | | | |
| Quarter of Random Assignment | 49.1 | 49.8 | -0.7 | 33.9 | 36.0 | -2.2 |
| Quarter 2 | 43.8 | 41.6 | +2.2 | 32.6 | 29.6 | +3.0 |
| Quarter 3 | 45.7 | 39.3 | +6.4** | 37.4 | 32.9 | +4.5 |
| Quarter 4 | 48.0 | 41.3 | +6.8** | 42.6 | 33.3 | +9.3 |
| Average Total Earnings, Quarters 2 - 4 ($) | 1712.18 | 1565.79 | +146.39 | 1347.14 | 1262.28 | +84.86 |
| Average Total Earnings ($) | | | | | | |
| Quarter of Random Assignment | 416.82 | 473.69 | - 56.86 | 312.53 | 316.37 | - 3.83 |
| Quarter 2 | 453.58 | 496.16 | - 42.58 | 315.33 | 281.50 | +33.83 |
| Quarter 3 | 593.53 | 495.69 | + 97.84 | 450.65 | 478.04 | -27.39 |
| Quarter 4 | 665.07 | 573.94 | + 91.13 | 581.16 | 502.74 | +78.42 |
| Ever Received Any AFDC Payments, Quarters 1 - 4 (%) | 67.4 | 68.7 | -1.3 | 75.8 | 71.9 | +3.9 |
| Average Number of Months Receiving AFDC Payments, Quarters 1 - 4 | 4.90 | 5.04 | -0.13 | 5.14 | 5.41 | -0.27 |
| Ever Received Any AFDC Payment (%) | | | | | | |
| Quarter of Random Assignment | 60.1 | 59.8 | +0.4 | 67.6 | 67.7 | -0.1 |
| Quarter 2 | 57.6 | 56.2 | +1.4 | 62.0 | 56.8 | +5.3 |
| Quarter 3 | 44.6 | 46.0 | -1.4 | 44.8 | 45.8 | -1.0 |
| Quarter 4 | 38.0 | 39.9 | -1.9 | 36.9 | 42.0 | -5.1 |
| Average Total AFDC Payments Received, Quarters 1 - 4 ($) | 1234.11 | 1335.37 | -101.26 | 1076.02 | 1081.32 | - 5.31 |
| Average AFDC Payments Received ($) | | | | | | |
| Quarter of Random Assignment | 319.32 | 324.74 | - 5.42 | 299.47 | 282.48 | +16.99 |
| Quarter 2 | 376.63 | 403.70 | - 27.07 | 340.23 | 321.00 | +19.23 |
| Quarter 3 | 286.48 | 323.97 | - 37.49 | 231.31 | 249.54 | -18.23 |
| Quarter 4 | 251.68 | 282.96 | - 31.28 | 205.01 | 228.31 | -23.29 |
| Sample Size | 669 | 341 | | 188 | 87 | |

SOURCE: MDRC calculations from Commonwealth of Virginia Unemployment Insurance earnings records, welfare records from the Virginia Automated Client Information System, and Fairfax County AFDC case files.

NOTES: These data include zero values for sample members not employed and for sample members not receiving welfare. These data are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members. Due to rounding, there may be some discrepancies in calculating sums and differences.

(continued)

TABLE 4.8 (continued)

The quarter of random assignment refers to the calendar quarter during which an individual entered the sample for employment and earnings data. For AFDC payments, the quarter of random assignment refers to the three months beginning with the month of random assignment.

Regressions were run on separate subsamples of (a) urban applicants (b) rural applicants (c) urban applicants (d) rural recipients.

[a] Quarter 1, the quarter of random assignment, may contain some earnings from the period prior to random assignment and is therefore excluded from measures of total follow-up for employment and earnings.

A two-tailed t-test was applied to experimental-control differences. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; *** = 1 percent.

Differences between area impacts were not significant at the 10 percent level using a two-tailed t-test.

## TABLE 4.10

## VIRGINIA

## URBAN AND RURAL RECIPIENTS: IMPACTS OF THE EMPLOYMENT SERVICES PROGRAM
(AUGUST 1983 - SEPTEMBER 1984 IMPACT SAMPLE)

| Outcome and Follow-Up Quarter | Urban Recipients |  |  | Rural Recipients |  |  |
|---|---|---|---|---|---|---|
|  | Experimentals | Controls | Difference | Experimentals | Controls | Difference |
| Ever Employed, Quarters 2 - 4 (%) | 36.6 | 33.1 | +3.4 | 21.2 | 23.6 | -2.4 |
| Average Number of Quarters With Employment, Quarters 2 - 4 | 0.75 | 0.65 | +0.10* | 0.42 | 0.53 | -0.11 |
| Ever Employed (%) |  |  |  |  |  |  |
| Quarter of Random Assignment | 16.0 | 12.4 | +3.5* | 10.0 | 7.1 | +2.9 |
| Quarter 2 | 21.6 | 17.3 | +4.3** | 12.1 | 17.8 | -5.7 |
| Quarter 3 | 25.1 | 22.4 | +2.7 | 13.8 | 15.2 | -1.4 |
| Quarter 4 | 28.7 | 25.2 | +3.5 | 15.9 | 19.9 | -3.9 |
| Average Total Earnings, Quarters 2 - 4 ($) | 846.20 | 751.85 | +94.35 | 499.55 | 595.13 | -95.59 |
| Average Total Earnings ($) |  |  |  |  |  |  |
| Quarter of Random Assignment | 114.75 | 82.73 | +32.01 | 61.18 | 59.06 | + 2.13 |
| Quarter 2 | 209.41 | 176.22 | +33.19 | 121.78 | 146.02 | -24.24 |
| Quarter 3 | 283.36 | 255.08 | +28.28 | 168.92 | 203.69 | -34.78 |
| Quarter 4 | 353.43 | 320.55 | +32.87 | 208.84 | 245.42 | -36.58 |
| Ever Received Any AFDC Payments, Quarters 1 - 4 (%) | 97.2 | 98.3 | - 1.1 | 97.5 | 96.1 | +1.4 |
| Average Number of Months Receiving AFDC Payments, Quarters 1 - 4 | 9.52 | 9.82 | - 0.29 | 10.08 | 9.78 | +0.30 |
| Ever Received Any AFDC Payment (%) |  |  |  |  |  |  |
| Quarter of Random Assignment | 96.8 | 98.1 | - 1.3 | 97.5 | 96.1 | +1.4 |
| Quarter 2 | 87.9 | 90.2 | - 2.3 | 89.5 | 90.3 | -0.9 |
| Quarter 3 | 79.5 | 82.3 | - 2.8 | 82.9 | 82.5 | +0.3 |
| Quarter 4 | 73.1 | 73.7 | - 0.6 | 79.6 | 71.1 | +8.5* |
| Average Total AFDC Payments Received, Quarters 1 - 4 ($) | 2469.10 | 2603.40 | -134.30** | 2189.29 | 2137.92 | +51.37 |
| Average AFDC Payments Received ($) |  |  |  |  |  |  |
| Quarter of Random Assignment | 718.13 | 742.17 | - 24.04* | 609.26 | 605.15 | + 4.11 |
| Quarter 2 | 642.62 | 683.06 | - 40.45** | 563.20 | 560.51 | + 2.69 |
| Quarter 3 | 575.68 | 617.81 | - 42.13** | 524.44 | 508.59 | +15.85 |
| Quarter 4 | 532.67 | 560.35 | - 27.68 | 492.39 | 463.67 | +28.72 |
| Sample Size | 1015 | 482 |  | 266 | 134 |  |

SOURCE: MDRC calculations from Commonwealth of Virginia Unemployment Insurance earnings records, welfare records from the Virginia Automated Client Information System, and Fairfax County AFDC case files.

NOTES: These data include zero values for sample members not employed and for sample members not receiving welfare. These data are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members. Due to rounding, there may be some discrepancies in calculating sums and differences.

(continued)

TABLE 4.10 (continued)

Because of underreporting or immediate termination of welfare benefits, the percentage of recipients receiving AFDC payments in the quarter of random assignment does not equal 100.

The quarter of random assignment refers to the calendar quarter during which an individual entered the sample for employment and earnings data. For AFDC payments, the quarter of random assignment refers to the three months beginning with the month of random assignment.

Regressions were run on seperate subsamples of (a) urban applicants (b) rural applicants (c) urban recipients (d) rural recipients.

[a] Quarter 1, the quarter of random assignment, may contain some earnings from the period prior to random assignment and is therefore excluded from measures of total follow-up for employment and earnings.

A two-tailed t-test was applied to experimental-control differences. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; *** = 1 percent.

Differences between area impacts were not significant at the 10 percent level using a two-tailed t-test.

become 6.4 and 6.8 percentage points higher for urban experimentals than for urban controls. There were, however, no other statistically significant impacts.

Table 4.10 shows the impacts for urban and rural sample members who were recipients at random assignment. Of the total of 1,897 recipients, only 400 came from the rural agencies. Given this small sample, none of the differences between rural experimentals and controls were statistically significant, with the exception of a significant increase in the proportion of experimentals receiving welfare in the fourth quarter.

For urban recipient experimentals, the story was somewhat different, but not as positive as for urban applicants. There were early, significant employment impacts of 3.5 and 4.3 percentage points in the first and second quarters. These dipped in the third quarter, but the gain came back in the fourth quarter, although it was not statistically significant at that point. Small earnings gains were also not significant.

Welfare savings were more pronounced for the urban recipients. Because of the program, urban recipient experimentals received $134.30 less in welfare payments over 12 months than their urban control counterparts. The impacts were for the most part statistically significant and concentrated mostly in the second and third quarters.

Finally, it is interesting to look at the absolute levels of employment and welfare payments to see some of the consequences of payment standards and labor market conditions in the two different areas. For example, 57.1 percent of urban applicant controls but only 42 percent of rural applicant controls worked at some point during quarters two through four. On average, urban applicants received considerably more in welfare payments over the course of a year than rural applicants.[9]

## VII. Other Subgroup Impacts

Tables 4.11 and 4.12, as well as Figures 4.5 through 4.8, show impacts derived by subdividing the full sample according to certain characteristics usually denoting level of employability: prior employment, length of prior welfare receipt, educational level and number of children. Behavior of the control group shows that, those with fewer barriers to employment (such as those with recent prior work experience) did better in the labor market. Those with a high school diploma had higher employment rates than those without. However, the impacts, particularly for applicants, reveal how these relationships could change, given some program assistance. In this study, those groups considered less employable generally had more favorable impacts from program services than those more employable, as discussed below. For example, those without high school degrees made bigger gains than those with diplomas. It should be noted, however, that, for both applicants and recipients, absolute levels of employment were always higher for the more employable persons, even though the harder-to-employ individuals sometimes gained more from the program.

### A. Prior Work Experience

The program had relatively large and statistically significant employment impacts for applicants without prior employment, but not for those with prior employment (or for recipients in either group). The advantage for applicant experimentals without prior employment over applicant controls in that situation was 8.2 percentage points, an impact that was statistically significant. Welfare savings for the group without prior

## TABLE 4.11

## VIRGINIA

## AFDC APPLICANTS: IMPACTS OF THE EMPLOYMENT SERVICES PROGRAM, BY SELECTED SUBGROUPS (AUGUST 1983 - SEPTEMBER 1984 IMPACT SAMPLE)

| Characteristic | Percent of Sample | Employed During Quarters 2-4 (%) | | | Average AFDC Payments Received During Quarters 1-4 ($) | | |
|---|---|---|---|---|---|---|---|
| | | Experimentals | Controls | Difference | Experimentals | Controls | Difference |
| Employed During Year Prior to Random Assignment[a] | | | | | | | |
| Yes | 57.2 | 70.5 | 67.3 | +3.2 | 1188.95 | 1208.61 | - 19.66 |
| No | 42.8 | 44.7 | 36.5 | +8.2* | 1220.91 | 1369.13 | -148.22 |
| High School Diploma[b] | | | | | | | |
| Yes | 51.0 | 65.7 | 61.0 | +4.6 | 1139.97 | 1170.17 | - 30.20 |
| No | 49.0 | 53.0 | 46.9 | +6.1 | 1267.47 | 1389.34 | -121.88 |
| Length of Prior Welfare History | | | | | | | |
| Never on AFDC | 26.3 | 58.3 | 58.2 | + 0.2 | 934.75 | 979.55 | -44.80 |
| Two Years or Less | 31.5 | 62.7 | 52.3 | +10.4** | 1147.04 | 1208.25 | -61.21 |
| More Than Two Years | 42.2 | 57.9 | 52.5 | + 5.4 | 1417.80 | 1501.47 | -83.66 |
| Number of Own Children[c] | | | | | | | |
| One | 49.7 | 58.4 | 54.5 | +3.9 | 1029.18 | 1208.11 | -178.93** |
| More Than One | 50.3 | 60.5 | 53.6 | +6.9** | 1380.83 | 1332.51 | + 48.32 |
| Age at Random Assignment | | | | | | | |
| Younger than 35 | 60.5 | 62.6 | 57.6 | +5.0 | 1212.43 | 1324.81 | -112.38 |
| 35 or Older | 39.5 | 53.4 | 47.5 | +5.9 | 1180.13 | 1201.27 | - 21.14 |
| Sample Size | 1285 | 857 | 428 | | 857 | 428 | |

SOURCE: MDRC calculations from Commonwealth of Virginia Unemployment Insurance earnings records, welfare records from the Virginia Automated Client Information System, and Fairfax County AFDC case files.

NOTES: These data include zero values for sample members not employed and for sample members not receiving welfare. These data are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members. One set of treatment-subgroup interactions was entered into the regression at a time, rather than all simultaneously. Due to rounding, there may be some discrepancies in calculating sums and differences.

[a] Persons were considered employed during the year prior to random assignment if they had UI earnings for any of the four prior quarters.

[b] The "yes" category includes individuals with a General Equivalency Diploma.

[c] Differentials for family size were calculated from a linear interaction term. Estimates are shown only for one or more than one child. A few individuals reporting zero for number of children were classified in the more than one child category.

A two-tailed t-test was applied to impacts within each subgroup category. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; *** = 1 percent.

Differences between subgroup impacts were not significant at the 10 percent level using a two-tailed t-test.

## TABLE 4.12

## VIRGINIA

## AFDC RECIPIENTS: IMPACTS OF THE EMPLOYMENT SERVICES PROGRAM, BY SELECTED SUBGROUPS (AUGUST 1983 - SEPTEMBER 1984 IMPACT SAMPLE)

| Characteristic | Percent of Sample | Employed During Quarters 2-4 (%) | | | Average AFDC Payments Received During Quarters 1-4 ($) | | |
|---|---|---|---|---|---|---|---|
| | | Experimentals | Controls | Difference | Experimentals | Controls | Difference |
| Employed During Year Prior to Random Assignment | | | | | | | |
| Yes | 22.9 | 64.7 | 59.9 | +4.8 | 2063.72 | 2248.47 | -184.75* |
| No | 77.1 | 24.0 | 22.6 | +1.4 | 2510.41 | 2584.90 | - 74.49 |
| High School Diploma[b] | | | | | | | |
| Yes | 38.7 | 40.3 | 41.6 | -1.3 | 2395.34 | 2329.29 | + 66.05 |
| No | 61.3 | 29.0 | 24.5 | +4.5 | 2414.32 | 2624.87 | -210.55*** |
| Length of Prior Welfare History | | | | | | | |
| Never on AFDC | 2.6 | 25.5 | 34.8 | -9.3*** | 1816.20 | 2243.52 | -427.32 |
| Two Years or Less | 25.7 | 40.8 | 39.7 | +1.1 | 2161.12 | 2140.73 | + 20.39 |
| More Than Two Years | 71.7 | 31.0 | 27.9 | +3.0 | 2517.32 | 2650.14 | -132.82** |
| Number of Own Children[c] | | | | | | | |
| One | 57.9 | 33.8 | 32.0 | +1.9 | 1827.07 | 2370.52 | -543.46*** |
| More Than One | 42.1 | 32.9 | 30.7 | +2.2 | 2823.35 | 2621.94 | +201.42*** |
| Age at Random Assignment | | | | | | | |
| Younger than 35 | 55.6 | 37.1 | 35.4 | +1.8 | 2397.80 | 2506.83 | -109.03 |
| 35 or Older | 44.4 | 27.3 | 24.5 | +2.9 | 2422.91 | 2513.10 | - 90.19 |
| Sample Size | 1897 | 1281 | 616 | | 1281 | 616 | |

SOURCE: MDRC calculations from Commonwealth of Virginia Unemployment Insurance earnings records, welfare records from the Virginia Automated Client Information System, and Fairfax County AFDC case files.

NOTES: These data include zero values for sample members not employed and for sample members not receiving welfare. These data are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members. One set of treatment-subgroup interactions was entered into the regression at a time, rather than all simultaneously. Due to rounding, there may be some discrepancies in calculating sums and differences.

Because of underreporting or immediate termination of welfare benefits, the percentage of recipients receiving AFDC payments in the quarter of random assignment does not equal 100.

[a] Persons were considered employed during the year prior to random assignment if they had UI earnings for any of the four prior quarters.

[b] The "yes" category includes individuals with a General Equivalency Diploma.

[c] Differentials for family size were calculated from a linear interaction term. Estimates are shown only for one or more than one child. A few individuals reporting zero for number of children were classified in the more than one child category.

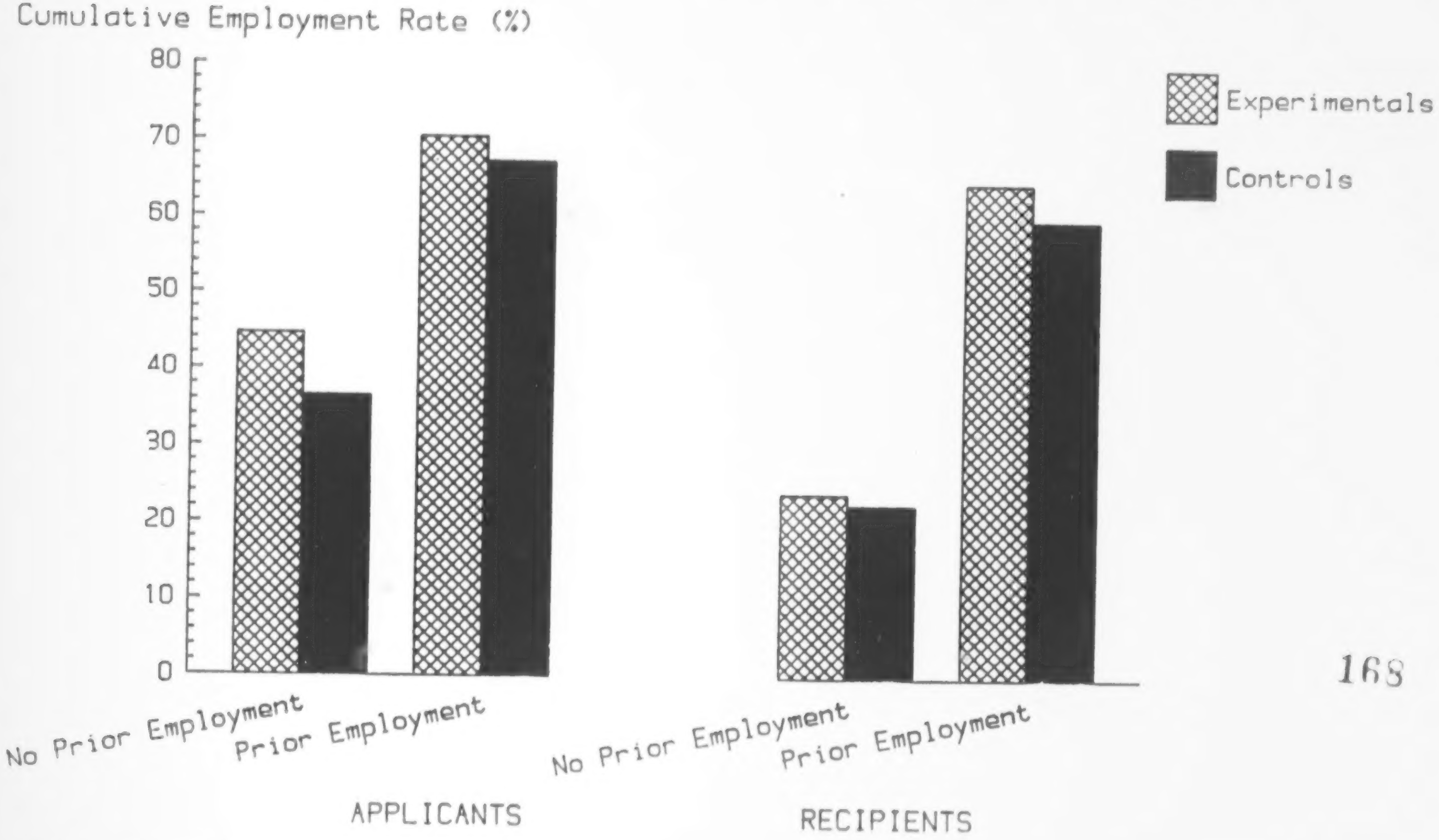
A two-tailed t-test was applied to impacts within each subgroup category. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; *** = 1 percent.

Differences between subgroup impacts were not significant at the 10 percent level using a two-tailed t-test.

FIGURE 4.5

VIRGINIA

## AFDC APPLICANTS AND RECIPIENTS: CUMULATIVE EMPLOYMENT RATE, BY PRIOR YEAR EMPLOYMENT STATUS (AUGUST 1983 - SEPTEMBER 1984 IMPACT SAMPLE)

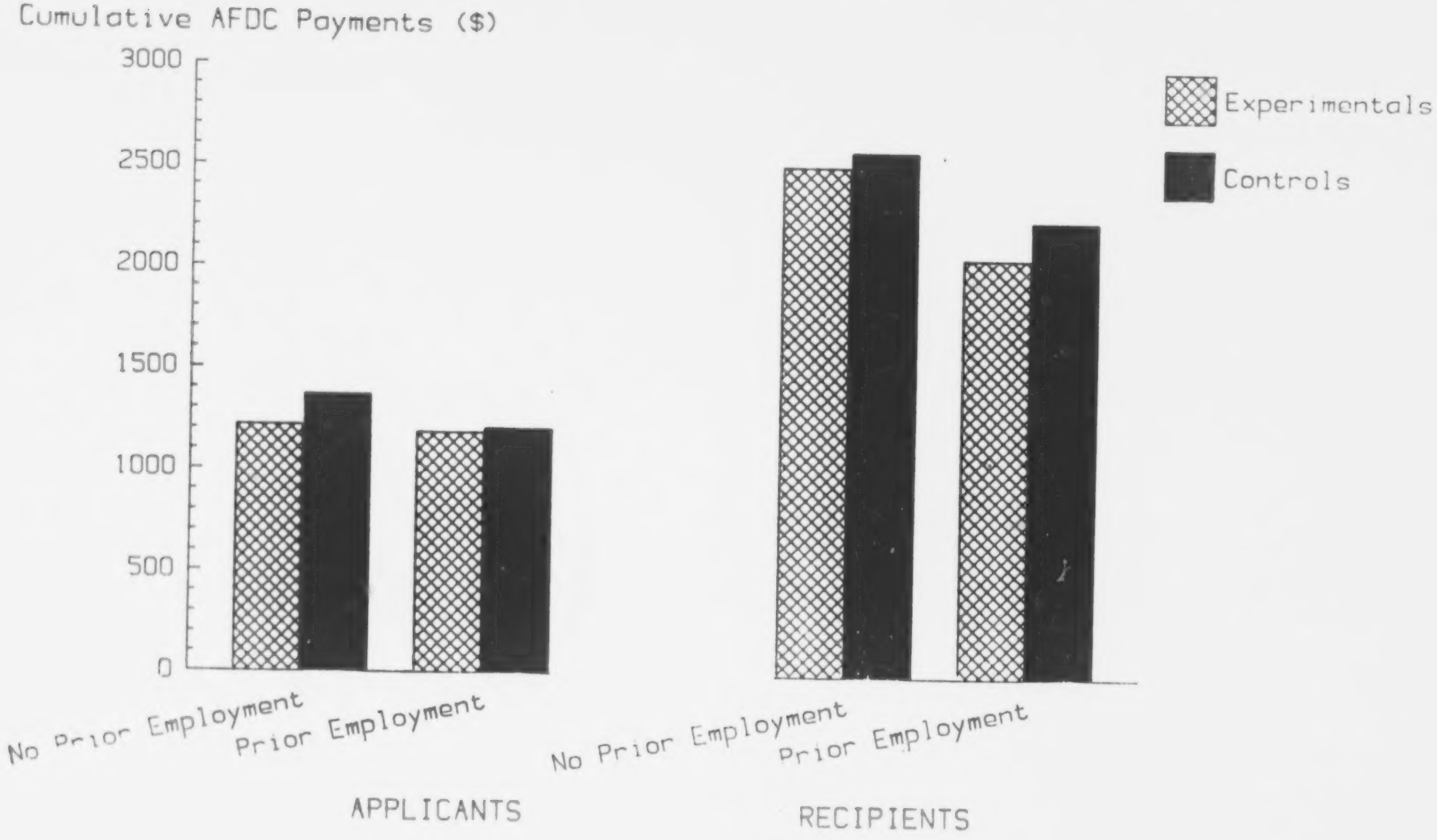


SOURCE: See Tables 4.11 and 4.12.

FIGURE 4.6

VIRGINIA

AFDC APPLICANTS AND RECIPIENTS: CUMULATIVE AFDC PAYMENTS, BY PRIOR YEAR EMPLOYMENT STATUS (AUGUST 1983 - SEPTEMBER 1984 IMPACT SAMPLE)

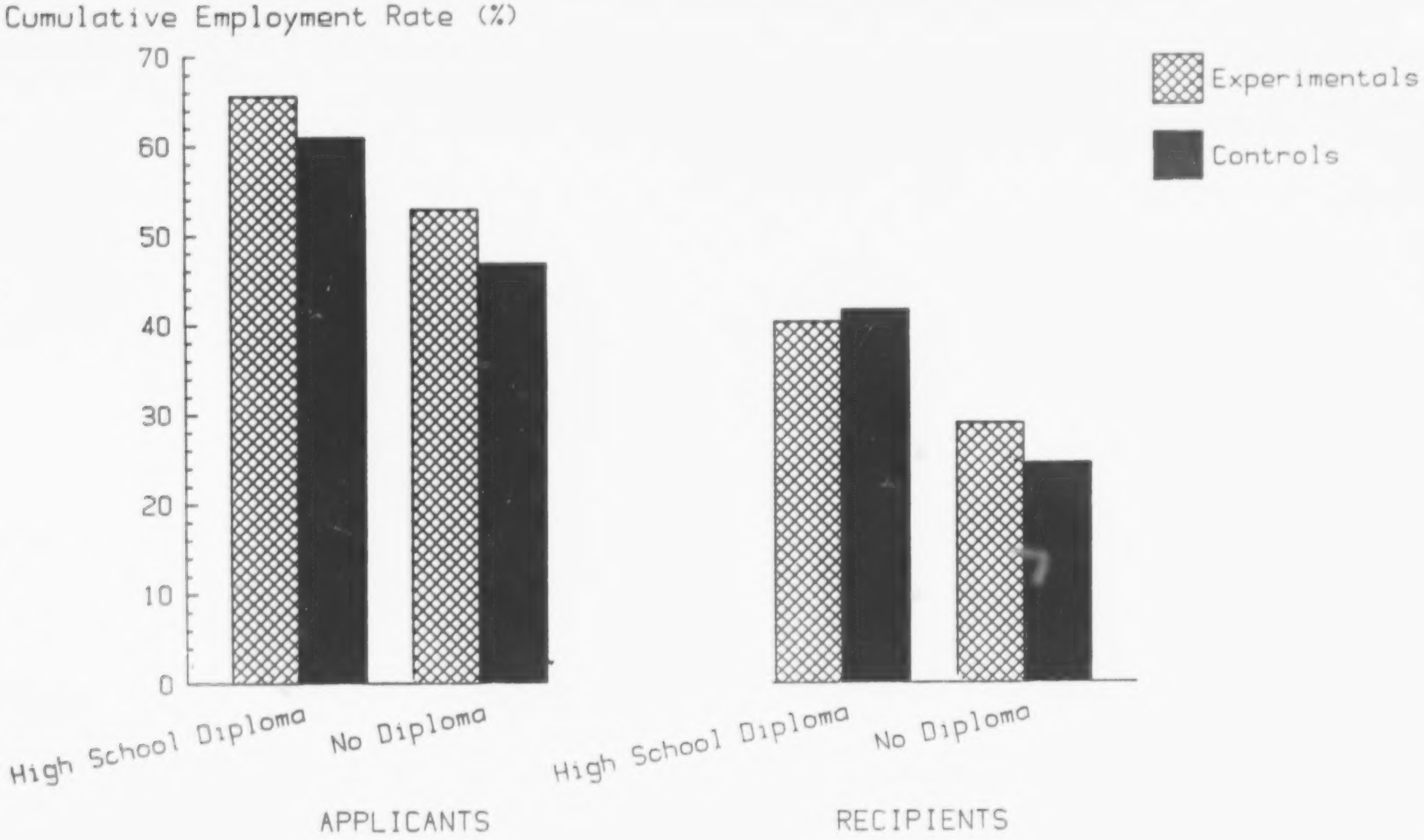


SOURCE: See Tables 4.11 and 4.12.

FIGURE 4.7

VIRGINIA

AFDC APPLICANTS AND RECIPIENTS: CUMULATIVE EMPLOYMENT RATES, BY HIGH SCHOOL DIPLOMA STATUS (AUGUST 1983 - SEPTEMBER 1984 IMPACT SAMPLE)



171

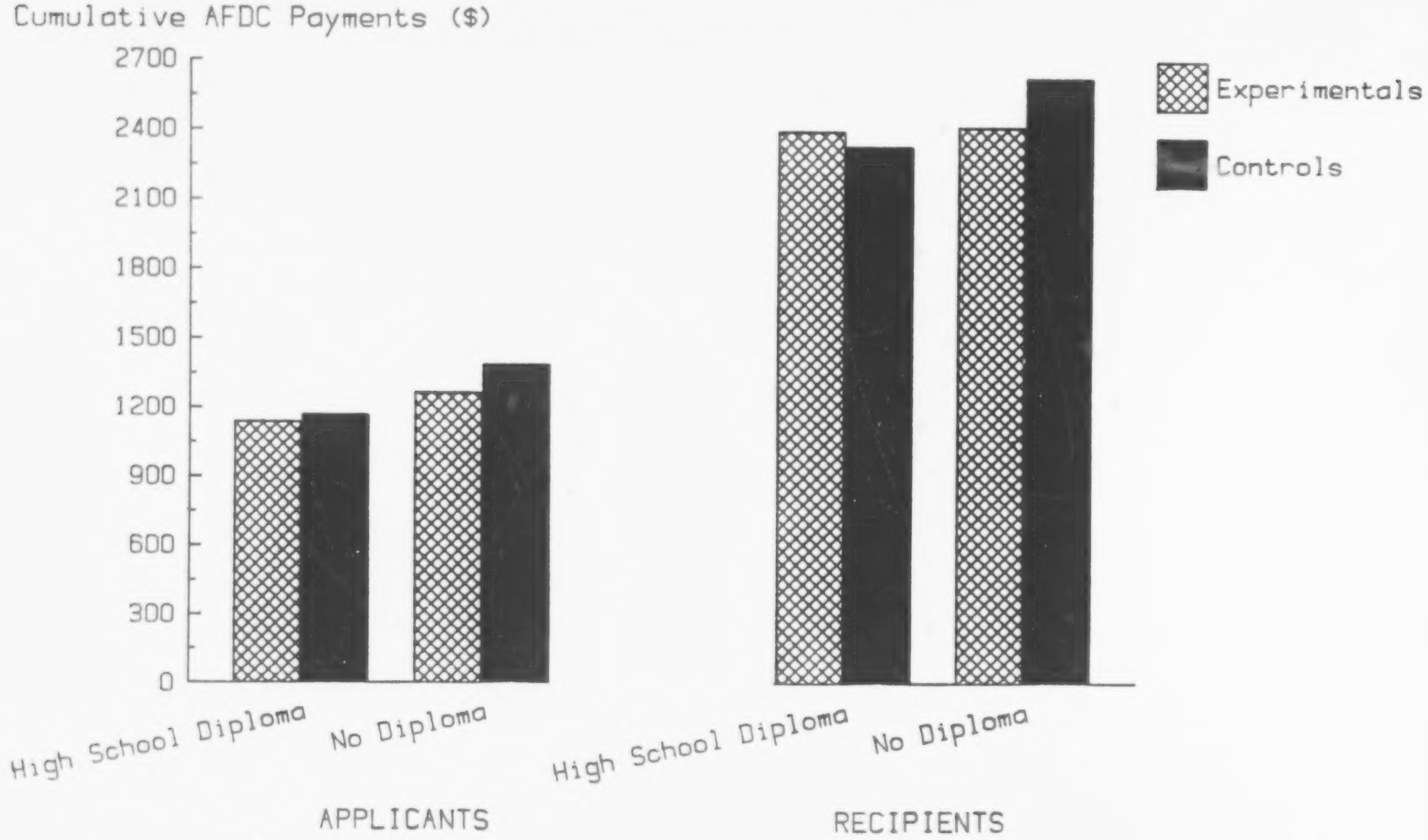
172

SOURCE: See Tables 4.11 and 4.12.

FIGURE 4.8

VIRGINIA

## AFDC APPLICANTS AND RECIPIENTS: CUMULATIVE AFDC PAYMENTS, BY HIGH SCHOOL DIPLOMA STATUS (AUGUST 1983 - SEPTEMBER 1984 IMPACT SAMPLE)



SOURCE: See Tables 4.11 and 4.12.

employment came to $148 compared to only $20 for their more employable counterparts. These savings, however, were not statistically significant. (See Figures 4.5 and 4.6.)

### B. Prior Welfare Dependency

Program impacts were stronger for applicants who had some prior welfare receipt. Among applicants who had previously had their own case, the welfare savings ranged from $61 to $84. While these amounts were not significant, they were somewhat larger than the impacts for applicants who had not been on welfare before ($45). Time on welfare also influenced employment impacts, which were higher for those on welfare previously. At a statistically significant level of 10.4 percentage points, the employment impact for applicants receiving welfare for two years or less far exceeded that for applicants who had never had their own case (0.2 percentage points).

### C. Education Level

Among controls, a high school diploma or equivalency certificate was associated with greater subsequent employment and lower welfare payments. However, program-induced employment and welfare impacts were concentrated instead among both applicants and recipients without high school degrees. As indicated in Table 4.12, recipient experimentals without such degrees received lower welfare payments than controls, a $211 amount that was statistically significant compared to an increase in average welfare payments of $66 for those with diplomas. While payment impacts were not significant for applicant experimentals (see Table 4.11), the welfare savings of $122 among those without diplomas were four times larger than the savings from those with diplomas. (See Figures 4.7 and 4.8.)

### D. Number of Children

A large family is usually seen as a potential employment barrier, but both applicant and recipient subgroups overcame this barrier as a result of program services. Among applicants, the employment impact was a statistically significant 6.9 percentage points (compared to a nonsignficant 3.9 points for women with only one child). Among recipients, impacts were not statistically significant for either large or small families, but the employment gain was slightly larger for recipients with more than one child.

In contrast, welfare payment reductions seemed to be concentrated among both applicants and recipients with one child. For recipients, the reductions were statistically significant at $543, a level 23 percent down from the control mean of $2,371. For applicants with one child, the reductions were also significant; at $179, average payments were down 15 percent from the control group average of $1,208. For both applicants and recipients with more than one child, impacts were in the direction of somewhat greater welfare receipt for experimentals.

## VIII. Impacts During the Base Period for Projections

The main focus of this chapter has been the program's impacts for the full impact sample over four quarters after random assignment, as well as the impacts for the early enrollees in the full sample, followed over six follow-up quarters. Since the six-quarter impacts consistently carry on the story begun in the short term, it is plausible to expect that the program impacts found at the end of this follow-up may continue or even increase beyond that point. These future program effects are important, because they are used to compare the program's benefits to its costs over time -- the purpose of the following chapter. A longer-term focus of five years is used and considered necessary since most costs of the program are incurred in the short-run, when experimentals are still active in the program, while benefits may accrue over a longer period of time as people continue to work and reduce their use of welfare and other transfer programs.

As will be seen in Chapter 5, future program effects are estimated by extending, or extrapolating, the impacts observed during the last two quarters of follow-up, using a number of assumptions about the direction and rate at which these impacts will change. The last two follow-up quarters are used as the base period for these projections because, in comparison to earlier impacts, they are more likely to provide a more accurate indication of future patterns.

For all sample members, the projection base period covers the months of January through June 1985 for earnings data, and April through September 1985 for AFDC welfare payments data. Since sample members entered the study on different dates, these base periods represent different lengths of follow-up relative to a person's date of random assignment. For example, for sample members randomly assigned during August and September 1983, the base period for earnings is their seventh and eighth follow-up quarters. For those randomly assigned during July through September 1984, the base period is their third and fourth follow-up quarters.

Table 4.13 summarizes the impacts during the base period. Although these impacts are not statistically significant, there is a fairly consistent pattern of earnings gains and welfare payment reductions. The

## TABLE 4.13

## VIRGINIA

## ALL AFDC: IMPACTS ON EARNINGS AND AFDC PAYMENTS IN PROJECTION BASE PERIOD[a], BY PERIOD OF RANDOM ASSIGNMENT

## (AUGUST 1983 - SEPTEMBER 1984 IMPACT SAMPLE)

| Outcomes for Last Two Follow-up Quarters | Period of Random Assignment | | | | |
|---|---|---|---|---|---|
| | August - September 1983 | October - December 1983 | January - March 1984 | April - June 1984 | July - September 1984 |
| Average Earnings ($) | 148.16 | 199.25* | 197.22 | 87.70 | 119.85 |
| Average AFDC Payments ($) | -84.74 | -29.10 | -36.90 | -41.46 | 9.85 |
| Sample Size | 377 | 1118 | 806 | 508 | 373 |

SOURCE: MDRC calculations from Commonwealth of Virginia welfare and Unemployment Insure
earnings records.

NOTES: [a]Projection Base Period refers to the last two quarters of AFDC payments and Une
Insurance earnings data available for each individual. This refers to Quarters 7 and 8 for
and 8 and 9 for AFDC payments for those randomly assigned between August and September 1983;
6 and 7 for earnings and 7 and 8 for AFDC payments for those randomly assigned between Octob
December 1983; Quarters 5 and 6 for earnings and 6 and 7 for AFDC payments for those randoml
between January and March 1984; Quarters 4 and 5 for earnings and 5 and 6 for AFDC payments
randomly assigned between April and June 1984; and Quarters 3 and 4 for earnings and 4 and 5
payments for those randomly assigned between July and September 1984.

These data include zero values for sample members not employed and for sample me
receiving welfare. These data are regression-adjusted using ordinary least squares, control
pre-random assignment characteristics of sample members.

A two-tailed t-test was applied to differences between experimental and control
Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; *** = 1 pe

estimates of future effects computed in Chapter 5 will be most strongly influenced by the base period effects for persons randomly assigned during October to December 1983 and January to March 1984, since these groups together include 60 percent of the research sample. For these two groups, earnings gains were close to $200 during the base period, while welfare payments were reduced by $29 to $37 respectively. (See Appendix Tables F.5 and F.6 for base period impacts for applicants and recipients separately.) Chapter 5 will discuss in detail the assumptions used about the continuation of future effects so that, for each sample member, a total of five years of data exists, consisting both of data collected during the study period and estimates of future benefits, using base period impacts.

# CHAPTER 5

# BENEFIT-COST ANALYSIS

## I. Introduction and Summary of Findings

This chapter weighs the economic benefits and costs of ESP to present an overall assessment of the value of the program. It draws on the findings of previous chapters and also utilizes data gathered specifically for the benefit-cost analysis. Applying techniques developed in other evaluations of social programs,[1] the benefit-cost analysis assesses ESP from several distinct viewpoints, particularly that of the people toward whom it was directed -- AFDC applicants and recipients -- and of the government budget. Thus, within the constraints of the available data, the analysis examines whether or not the program achieved its central objectives of improving the economic standing of people dependent on welfare and reducing the burden of welfare on the government. The analysis also considers the effects of the program on society in general and on taxpayers. (As explained later, the effect on taxpayers is similar but not identical to that on the government budget.)

This analysis estimates benefits and costs over a five-year period; although most costs were incurred when enrollees were still in the program, benefits may accrue over a longer time as people formerly dependent on welfare continue to work and pay taxes. Therefore, the analysis estimates effects and costs after data collection, using alternative assumptions about the way in which effects calculated for the observation period might change after it ended. (Section III.E explains the procedure by which effects were extrapolated beyond the observation period.)

Over the five-year period (including both observed and extrapolated estimates), ESP enrollees, and applicants in particular, were better off as a result of the program because their increased earnings exceeded their increased tax payments as well as their losses in welfare and in payments from other transfer programs. The government budget also benefited. Over the same five-year period, the estimated increase in tax revenues and savings from welfare and other programs exceeded the costs of ESP services for applicants. For recipients, budget savings and program costs were about equal.

## II. The Analytic Approach

In determining the benefits and costs of ESP, the analysis estimates the value of the program's effects on key outcomes, and the cost of the resources used in producing those effects. The main outcome variables for which MDRC collected data include the earnings and AFDC payments discussed in the impact analysis in Chapter 4, and Unemployment Insurance benefits. In addition, the benefit-cost analysis considers a variety of outcomes not directly measured but for which values could be imputed: the fringe benefits of regular jobs, tax payments, Medicaid, Food Stamps, transfer program administrative costs, and the value of output produced by enrollees in ESP work experience jobs. The analysis weighs experimental-control differences in these outcomes against costs which include: the expense of operating ESP; expenditures for support services such as child care and transportation; and the costs incurred by JTPA agencies, public schools and community colleges which provided education and training services used by members of the experimental and control groups.

The analysis examines differences between experimentals and controls in order to address the question: What are the average benefits and costs of ESP per experimental above and beyond what would have happened in the absence of the program? It is important to emphasize that these estimates are averaged both over members of the experimental group who participated in program activities and those who did not. One reason for including nonparticipants is that ESP's mandatory participation requirement may have influenced the behavior of this group -- for example, by deterring some welfare applicants from pursuing their applications, or by encouraging some recipients to leave the rolls to avoid the requirement. Moreover, some costs are associated with nonparticipants, including those of enforcing the mandatory participation requirement, as well as of program reporting and administration required for these activities.

The period for which data were gathered (referred to as the observation period) varies by data source and date of random assignment for each sample member. Random assignment began in August 1983 and extended until September 1984 (see Table 2.1), and data collection for some variables continued through November 1985.[2] The period of observation ranges from three quarters for earnings data for the last enrollees randomly assigned to over two and a half years for some of the participation data for the earliest enrollees. Benefits and costs accruing after the end of the observation period (e.g., June 1985 for earnings data and September 1985 for AFDC data) up to a point five years from the date of random assignment have been estimated for each sample member on the basis of observed data and a series of assumptions. All benefits and costs have been valued in 1984 dollars.

While the available data permit estimation of a wide array of benefits and costs, some potentially useful information was not included in this study, such as General Relief payments as well as the earnings or other income of family members of individuals in the research sample. Moreover, as explained more fully later in the chapter, potential intangible effects of ESP, such as changes in participants' self-esteem or in the quality of their family life, could not be determined. Interpretations of the benefit-cost analysis presented below should recognize the scope of the analysis.

## III. Economic Value of Program Effects

### A. Increased Earnings and Fringe Benefits

As seen in Chapter 4, ESP yielded an increase in the level of earnings of experimentals over the controls. (It is important to underscore that this calculation is based on all experimentals -- those who became employed and those who did not.) Table 5.1 shows these earnings gains during the observation period. The experimental-control difference was $250 for the full research sample, with the gain among applicants ($343) exceeding the gain among recipients ($199). The table also presents the value of fringe benefits: $45 for the full sample, with applicants again receiving a higher amount than recipients ($62 versus $36). (Fringe benefits were estimated to be 18 percent of earnings, a rate based on national employment compensation data for the types of low-wage jobs held by most experimentals and controls.)[3]

## TABLE 5.1

## VIRGINIA

## ESTIMATED EXPERIMENTAL - CONTROL DIFFERENCES IN EARNINGS, FRINGE BENEFITS, AND TAXES PER EXPERIMENTAL DURING THE OBSERVATION PERIOD, BY WELFARE STATUS

| Component of Analysis | Full Sample | Applicants | Recipients |
|---|---|---|---|
| Earnings | $250 | $343 | $199 |
| Fringe Benefits | 45 | 62 | 36 |
| Taxes | | | |
| Federal Income Tax | 15 | 15 | 16 |
| State Income Tax | 2 | 3 | 2 |
| Social Security Tax | 17 | 23 | 13 |
| State Sales and Excise Taxes | 1 | 2 | 1 |
| Total Taxes | 35 | 43 | 32 |

SOURCE: MDRC calculations from Unemployment Insurance records and from published data on tax rates and employee fringe benefits.

NOTES: The results are based on a sample of 2138 experimentals and 1044 controls [1285 applicants, 1897 recipients], and are expressed in 1984 dollars. The differences are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

The estimates in Table 5.1 present earnings gains that include those that occurred beyond the follow-up period common to all sample members -- that is, beyond the fourth quarter of follow-up -- for individuals on whom such data were available.[4] Consequently, these estimates differ from the earnings impacts for the full sample presented in Chapter 4, which instead cover the follow-up shared by all sample members. Data for the entire follow-up period were used in the benefit-cost analysis in order to minimize the length of time over which observed effects had to be extrapolated to cover a five-year period.

Careful interpretation of the earnings effects presented in this chapter requires attention to the issue of statistical significance. As noted in Chapter 4, employment impacts were sometimes statistically significant, particularly near the end of follow-up for applicants and the full sample, but the corresponding earnings gains were not and therefore are subject to some uncertainty. (That these earnings gains were not statistically significant is due in large part to the wide variance typical of earnings in any population.) However, the impact analysis did reveal a pattern of stable, and in some cases increasing, earnings gains over time, suggesting that the measured earnings gains were not simply due to chance.

### B. Increased Tax Payments

Experimentals' earnings gains resulted in increased tax payments, including federal and state income taxes, Social Security payroll taxes, and state sales and excise taxes. Using the relevant tax rates, this evaluation imputed these taxes from earnings (total earnings in the case of payroll and sales taxes, and earnings over a base amount for income taxes), other income (for sales taxes), marital status, and number of dependents.

The estimation of federal taxes included a deduction for the Earned Income Tax Credit, and the computation of sales taxes took account of average consumption patterns. The results in Table 5.1 show that the total taxes paid by experimentals during the observation period increased by $35 per experimental, or 14 percent of total earnings.[5]

## C. Increased Output in Work Experience Jobs

ESP participants who took part in the program's work experience component not only gained job experience, but also provided services in various clerical, maintenance and food service positions. The benefit-cost analysis includes the value of these services since the community-at-large benefits from the increase in services.

The value of the work performed in these jobs was estimated by determining the compensation that employers would have had to pay for other workers to provide the same services.[6] The first step in this estimation was to determine the relative productivity of participants compared to that of regular workers in comparable jobs. Evaluations by participants' supervisors gathered for the worksite survey provided a ratio comparing the output of participants with that of regular workers.[7] For each participant evaluated, this productivity ratio was multiplied by the average hourly wage rate (marked up for fringe benefits) of regular workers to yield an estimate of the value of the participant's output per hour of work.[8] The average hourly value of output was then multiplied by the average length of stay in work experience jobs (available from program records) to obtain the average value of participants' work.

Supervisors judged that the productivity of work experience participants was 98 percent that of regular workers in similar types of jobs.

As indicated in Chapter 3, ESP enrollees who entered work experience positions spent an average of 194 hours in those jobs. Following the approach explained above, the average value of output was determined to be $826 per work experience participant and $104 per experimental. The value of output was considerably higher for recipients ($145) than for applicants ($41), reflecting differences in the proportion of applicant and recipient experimentals assigned to work experience.[9]

### D. Reduced Dependence on Transfer Programs

As shown in Chapter 4, experimentals became less dependent on AFDC income as a result of ESP. To a lesser extent, the program also affected their use of Medicaid, Food Stamps, and Unemployment Insurance, although not always in the same way.

For the benefit-cost analysis, experimental-control differences in the receipt of AFDC and Unemployment Insurance were estimated from AFDC and UI records during the entire observation period (in contrast to the follow-up period common to all sample members used in the analysis of AFDC impacts). Differences in other transfer payments were not directly measured but were estimated from a variety of sources. Differences in Food Stamps were imputed on the basis of household income (including earnings, AFDC and UI), taking into consideration the earnings disregard as well as medical deductions -- all of which are used to determine eligibility for Food Stamps and the amount of permitted benefits.[10] Differences in Medicaid use were imputed from observed differences in AFDC receipt and the rules covering Medicaid eligibility. A person who is on AFDC is automatically entitled to receive Medicaid, and remains eligible for a specified period of time after leaving the rolls.[11] Thus, the average change in the value of Medicaid was determined by multiplying the experimental-control difference in the months of statutory Medicaid eligibility by the average monthly Medicaid payments to AFDC recipients in Virginia during 1984.[12]

Table 5.2 presents the results. Overall, the program produced a net reduction of $134 in the average value of transfer payments received by experimentals compared to controls: About 96 percent of this reduction was due to the decrease in AFDC payments.[13] To a small extent, losses in AFDC were offset by increases in Food Stamps, which rose by $4 per experimental for the full sample.

The reduction in transfer payments brought about a small decrease ($13 per experimental) in the overall cost of administering those payments. Changes in administrative costs were estimated in several steps. First, for AFDC and Medicaid, the experimental-control differences in months on AFDC and months eligible for Medicaid were determined from AFDC records. These differences were then multiplied by the pertinent average monthly administrative cost per AFDC adult recipient, or former recipient in the case of Medicaid (since eligibility for Medicaid is not lost immediately after leaving the welfare rolls).[14] For Food Stamps and UI, the change in administrative costs was obtained by multiplying the average experimental-control difference in transfer payments by an estimated average cost per dollar of transfer.[15]

## E. Future Effects and Total Results

The effects discussed thus far pertain only to the period of observation. Yet, Program effects may endure beyond that point. In order to account for the full effects of the program, it is therefore necessary to project beyond the end of the observation period.

## TABLE 5.2

## VIRGINIA

## ESTIMATED EXPERIMENTAL - CONTROL DIFFERENCES IN TRANSFER PAYMENTS AND ADMINISTRATIVE COSTS PER EXPERIMENTAL DURING THE OBSERVATION PERIOD, BY WELFARE STATUS

| Type of Payment or Cost | Full Sample | Applicants | Recipients |
|---|---|---|---|
| Transfer Payments | | | |
| AFDC | $-129 | $-145 | $-128 |
| Medicaid | - 6 | -21 | 0[a] |
| Food Stamps | 4 | 11 | - 2 |
| Unemployment Compensation | - 3 | 5 | - 9 |
| Total Transfer Payments | -134 | -150 | -139 |
| Transfer Administrative Costs | | | |
| AFDC | -13 | -24 | - 5 |
| Medicaid | - 1 | - 2 | 0[a] |
| Food Stamps | 1 | 2 | 0[a] |
| Unemployment Compensation | 0[a] | 1 | - 1 |
| Total Transfer Administrative Costs | -13 | -23 | - 6 |

SOURCE: MDRC calculations from AFDC and Unemployment Insurance earnings and payments records, and from published and unpublished data on administrative costs for AFDC, Medicaid, Food Stamps and Unemployment Insurance.

NOTES: The results are based on a sample of 2138 experimentals and 1044 controls (1285 applicants, 1897 recipients), and are expressed in 1984 dollars. The differences are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

[a] Estimated value less than $0.50.

Using a number of assumptions, the analysis extrapolates outcomes for each sample member so that the combination of observed and extrapolated values covers a five-year timespan beginning at the point of random assignment. Five years was chosen as the timespan since it is approximately the average length of time AFDC applicants remain on the rolls nationally;[16] therefore, in the absence of ESP, the average experimental would leave the welfare rolls in about this amount of time. Extrapolation over a longer time period than required for this five-year timespan would involve more speculation. Because the amount of observed data on sample members varies according to the date they entered the research sample, the length of extrapolation required to estimate results over five years also varies by sample member. For example, about two years of earnings data (which were collected through June 1985) are available on persons entering the sample in August 1983, leaving about three years for extrapolation. In contrast, about one year of data were gathered for those entering in July 1984, requiring extrapolation over four years.

Extrapolation of program effects requires deciding on the base period from which extrapolation is made, making assumptions about the rate at which experimental-control differences decay over time, and choosing an appropriate discount rate. The most recent available data on program effects were considered most appropriate for predicting future effects. Therefore, the base period selected for extrapolation was the last two quarters of follow-up available for each sample member. Section VIII of Chapter 4 has already shown the experimental-control differences in earnings and AFDC payments that occurred during this period. For the benefit-cost analysis, program effects during this base period were also estimated for fringe benefits, tax payments, non-AFDC transfers, and transfer program administrative costs, using the same procedures used to measure or impute values for the observation period.[17]

The decay rate is the rate at which the base period estimate is assumed to change over time. Because of this study's relatively short follow-up, it is difficult to predict long-term trends from the available data. Different assumptions have therefore been used to compute a range of estimates. One assumption is that the magnitude of the experimental-control difference observed during the base period will continue unchanged during the extrapolation period. This assumption is supported by the finding that the overall employment and welfare impacts for the early sample followed over the longer term were sustained or increased in the final follow-up months. Moreover, similar trends have been observed in other studies of employment programs for welfare recipients.[18] Yet, other studies suggest that impacts do decline with time. For example, a national study of the WIN Program found that earnings effects decayed at a rate of 22 percent annually for female sample members.[19] On this basis, an annual decay rate of 22 percent was applied as an alternative assumption. (A more extreme assumption -- that there are no future effects -- is considered in Section V of this chapter in assessing the sensitivity of the overall results to different assumptions.)

The effect of inflation on the value of future program effects was avoided by making all projections in 1984 dollars from a base period that falls within that year. However, all extrapolated results were discounted to their 1984 dollar values to adjust for the value of foregone investment. (A benefit received later in the follow-up period is worth less than the same benefit received earlier due to the lost opportunity to invest.) A real discount rate -- that is, a rate adjusted for inflation -- of 5 percent per year was used in this analysis.[20]

Table 5.3 presents, for the full research sample, the observed, extrapolated and total estimates of program effects covering the five-year time period. (Appendix Tables G.1 and G.2 show estimates for applicants and recipients separately.) The column of the table headed Common Follow-up shows the effects estimated for the portion of the follow-up period available for all sample members (quarters two through four for earnings, and one through four for AFDC payments). Since the impact analysis in Chapter 4 focuses on this period, these estimates for earnings and AFDC payments are the same ones reported in Table 4.2. The column headed Additional Follow-up provides estimates of program effects during the subsequent quarters of follow-up for those sample members who enrolled in the study early enough to have more than the follow-up available for all sample members. (However, these effects are averaged over all experimentals.) The values in the two columns under the observation period sum to the total observed values presented in Tables 5.1 and 5.2.

The column in Table 5.3 headed Extrapolation Period presents a range of values with the first number calculated assuming a 22 percent annual decay rate and the second assuming no decrease or increase in program effects during this period. The final column, which is simply the sum of the other columns, indicates the estimated program effects at five years after random assignment. Again, the range of results presented reflects the alternative decay assumptions.

As seen in Table 5.3, the extrapolated estimates are much larger than

## TABLE 5.3

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## EXPERIMENTAL - CONTROL DIFFERENCES IN PROGRAM EFFECTS PER EXPERIMENTAL DURING THE OBSERVATION PERIOD, EXTRAPOLATION PERIOD, AND AT FIVE YEARS AFTER RANDOM ASSIGNMENT

### ESTIMATES FOR THE FULL SAMPLE

| | Observation Period | | | |
|---|---|---|---|---|
| Outcome Variable | Common Follow-up[a] | Additional Follow-up[b] | Extrapolation Period[c] | Five Year Total[d] |
| Earnings | $81 | $169 | $749 to $1090 | $999 to $1340 |
| Fringe Benefits | 15 | 30 | 135 to 186 | 180 to 241 |
| Tax Payments | 11 | 24 | 114 to 166 | 149 to 201 |
| AFDC Payments | -84 | -45 | -116 to -230 | -290 to -359 |
| Other Transfer Payments[e] | 19 | -24 | -95 to -135 | -100 to -140 |
| Transfer Program Administration[f] | - 5 | - 8 | -37 to -53 | -50 to -66 |

SOURCE: MDRC calculations from Unemployment Insurance earnings and payments records; AFDC payments records; and published and unpublished data on tax rates, employee fringe benefits, and administrative costs for AFDC, Medicaid, Food Stamps and Unemployment Insurance.

NOTES: The results are based on a sample of 2138 experimentals and 1044 controls (1285 applicants, 1897 recipients), and are expressed in 1984 dollars. The differences are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

[a] The common follow-up period covers quarters 2 through 4 for earnings, fringe benefits and tax payments, and quarters 1 through 4 for AFDC payments, Medicaid, Food Stamps, Unemployment Insurance payments and administrative costs.

[b] The additional follow-up period covers all the available follow-up quarters after quarter 4. The number of additional follow-up quarters depends on each sample member's date of random assignment.

[c] Estimates reflect alternative assumptions about the change in impacts after data collecton ended. The first number of each range assumes that program effects decline by 22 percent per year during the extrapolation period; the second number assumes no decay or increase.

[d] The five year totals are the sum of the estimated effects during the observation and extrapolation periods.

[e] Includes Medicaid, Food Stamps and Unemployment Insurance.

[f] Includes administrative costs for AFDC, Medicaid, Food Stamps and Unemployment Insurance.

the observation period values for all outcomes and account for a larger proportion of the estimated five-year effects. For example, the extrapolated estimates for earnings account for 75 percent or more of the five-year totals, while the extrapolated values for AFDC payments account for 40 percent or more of the five-year totals. As will be seen in Section V of this chapter, the extrapolated effects are critical to the overall benefit-cost results. (Section V also discusses the conclusions reached when extrapolated effects are not included in the benefit-cost analysis.)

Table 5.3 also shows how the program's estimated effects over five years vary according to the different assumptions about decay. For example, the experimental-control difference in earnings after five years is estimated at $999 assuming a 22 percent annual decay rate, and at $1,340 assuming no decay or increase. The change in AFDC payments over the same period of time ranges from $-290 to $-359. Given the uncertainty about the true value of program effects after the observation period, both sets of estimates will be used in assessing the net results of ESP in Section V.

## IV. Costs

Experimental-control differences in costs were estimated for several types of expenditures including: ESP operating costs, payments for support services such as child care and transportation, and the operating costs of education and training providers. These costs were estimated separately for applicants and recipients as well as for the sample as a whole. Average costs were calculated per experimental as in the case of program effects. All estimates exclude expenditures made only for research purposes (such as for random assignment and special data collection), since these activities did not contribute to program impacts.

## A. ESP Operating Costs

Program operating costs were derived from a variety of data sources, including state and local ESP and DSS fiscal records (primarily covering from January through December 1984),[21] VACIS, and case file records of several subsamples drawn from the main research sample. (See Chapter 2 for more detail on these data sources.) In addition, in order to determine the cost of program components, interviews with program staff investigated how they apportioned their time over the program functions for which they were responsible.[22]

This time study considered six program components: initial assessment, reassessment, individual job search, group job search, work experience, and education and training. However, staff members could not determine the time spent on separate activities precisely. Distinguishing the cost of reassessment interviews from the cost of other activities was particularly difficult due to the broad range of concerns addressed during reassessment. For example, staff would typically use these sessions to review a participant's experience in individual job search, and to discuss assignments to work experience positions or education and training options. Reassessment interviews were also used to provide counseling that might not be specific to any particular program activity. Thus, the costs reported separately for job search, work experience, and education and training actually refer to the costs of these components above and beyond the resources spent on them during reassessment interviews.

The cost of each component was estimated in several steps. The first step was to determine the "unit cost," that is, the average cost of providing the activity to one individual.[23] (In calculating this unit cost, ESP enrollees not in the research sample were considered. As explained in Chapter 2, not all ESP enrollees on welfare entered the research sample. Moreover, some agencies enrolled recipients of General Relief and Food Stamps into ESP.)

The next step was to multiply the average unit cost of a component by the experimental-control difference in the percentage of persons assigned to it. (As explained in previous chapters, a few controls mistakenly received ESP services, and a substantial number enrolled in education or training programs in the community.) These assignment rates were estimated from the same data used in the participation analysis in Chapter 3; however, in estimating costs over a five-year timespan, the benefit-cost analysis used all follow-up data available for the early enrollees (that is data from beyond the nine-month period common to all sample members used in Chapter 3). Moreover, the assignment rates were regression-adjusted experimental-control differences, in part to assure consistency with the approach to estimating program effects.[24]

This evaluation understates the true costs of serving experimentals to the extent that the estimated assignment rates do not capture assignment of individuals who entered program activities after data collection ended. These assignment rates are more likely to have been underestimated for later enrollees since they had a shorter follow-up period than earlier enrollees. (See Figure 3.2 in Chapter 3.) As a partial correction for this problem, assignment rates for later enrollees were extrapolated based on the experiences of the earlier group.[25] However, since most individuals who became active in the program did so early in their program tenure, the extrapolated results increased the estimated participation rates only slightly.

Table 5.4 presents the estimates of ESP operating costs. The estimated overall cost per experimental, which is the sum of the cost of each component, is $388 for the full sample. The higher estimate for recipients ($479) than applicants ($251) reflects the fact that a greater proportion of recipients than applicants participated in each program component. Assessment and reassessment functions together account for over half of these operating costs. Individual and group job search activities that took place outside of reassessment interviews together comprise about a fifth of operating expenses, and work experience activities amount to somewhat less than a fifth. About 5 percent was spent on referring participants to education and training programs in the community, for the most part to pay for the time ESP staff spent assigning participants to educational and training services, and monitoring their progress. (Only the Chesapeake agency, which operated an on-site GED program, provided education or training itself.)

## B. Support Services

To enhance opportunities to take part in ESP activities or to ease the transition to employment, ESP staff offered financial assistance for various support services, such as child care and transportation. Title XX funds covered over 90 percent of these expenditures, while ESP funds paid for the remainder. The estimated value of these expenditures was determined primarily from DSS payment records for a representative subsample of applicants and recipients.[26]

For members of the research sample who actually received assistance

## TABLE 5.4

## VIRGINIA

## ESTIMATED NET COSTS OF ESP PER EXPERIMENTAL, BY WELFARE STATUS

| Cost Variable | Full Sample | Applicants | Recipients |
|---|---|---|---|
| ESP Operating Costs[a] | | | |
| Assessment | $113 | $88 | $129 |
| Reassessment | 102 | 73 | 121 |
| Individual Job Search | 35 | 24 | 43 |
| Group Job Search | 49 | 32 | 61 |
| Work Experience | 68 | 27 | 95 |
| Education and Training | 21 | 7 | 30 |
| Total | 388 | 251 | 479 |
| Support Services | | | |
| Child Care | 11 | 10 | 12 |
| Transportation | 12 | 8 | 15 |
| Other | 1 | 2 | 0 |
| Total | 24 | 20 | 27 |
| Community Education and Training Services | 18 | -18 | 42 |
| Total Costs | 430 | 253 | 548 |

SOURCE: MDRC calculations from VACIS and other program activity data; JTPA information systems data and fiscal records; attendance and fiscal data from local public schools and community colleges; ESP and Department of Social Services fiscal records; and MDRC study of ESP staff time allocation.

NOTES: The results for operating costs are based on a sample of 2138 experimentals and 1044 controls (1285 applicants, 1897 recipients). Experimental-control differences in the participation rates on which these costs are based were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members. (In Fairfax County, cost estimations were based on case file data for a subsample of 183 experimentals, weighted to equal the total number of Fairfax experimentals in the research sample.) The results for support services and community education and training are based on representative subsamples of experimentals and controls. All costs are expressed in 1984 dollars.

[a] Because the proportion of staff time spent on reassessment often overlapped with time spent on other activities, the distinctions in costs between ESP activities are not precise.

for child care, the average value of payments during the observation period was $563 for experimentals, and $429 for controls. (Controls could receive these and other support services without being enrolled in ESP.) However, since only a small proportion of the sample received this child care assistance, the average cost per experimental was only $11 above the $10 mean for controls. (See Table 5.4.) For all support services, the difference in cost between experimentals and controls was $24, adding 6 percent to the net operating cost of the program.

### C. Education and Training Costs

As noted in prior chapters, ESP staff referred experimentals to education and training programs in the community. Moreover, both experimentals and controls could enroll in such programs on their own initiative. The types of programs used included those sponsored by JTPA; community college courses; public school classes on GED preparation, adult basic education, and English as a second language; and programs offered by proprietary vocational and technical schools.

To estimate the extent to which members of the research sample entered these services, a special study was conducted with a representative subsample of experimentals and controls. As shown in Chapter 4 (see Table 4.1), this study found that a roughly similar proportion of experimentals and controls (16 percent and 13 percent respectively) entered education and training programs during the observation period.[27] However, the experimental-control difference may be somewhat overstated because VACIS and the Fairfax activity records provided assignment data for experimentals only.

Since the actual unit costs of the specific education and training services used by the research sample could not be obtained, rough approximations (in 1984 dollars) were computed from statewide data. The estimated unit costs were $1,462 per participant in programs sponsored by JTPA; $114 per student in GED and other public school courses; and $858 per student in community college programs.[28] Determination of the costs of education and training services that were only recorded in VACIS and the Fairfax activity records was more difficult since the particular kinds of services involved were not specified. However, interviews with ESP staff suggest that these were mostly public school and community college courses. Therefore, a unit cost for education and training services identified in VACIS and Fairfax records was computed by taking the average of the unit costs for the public schools and community colleges, yielding an estimate of $486 per person assigned.

The next step in estimating the average net cost of education and training per experimental was to multiply these unit costs by the difference in the percentages of experimentals and controls entering the relevant activity. These estimates for different types of programs were then summed to produce an overall estimate of $18 per experimental, as shown in Table 5.4. (This low value reflects the fact that these services were not widely used by the research sample, and that the experimental-control difference in use was small.) For applicants, the estimate of a net cost of $-18 per experimental means that the average cost per applicant control was higher than the average cost per applicant experimental, which is due to the greater use of some education and training services by applicant controls. For recipients, in contrast, the estimated cost of these activities was higher for experimentals than controls, by an average of $42 per experimental. Given uncertainty about the accuracy of the information on which these estimates are based, these estimates are not precise.[29]

When these costs for education and training programs not operated by ESP are added to ESP operating costs and expenditures for support services, the resulting estimate of the cost of serving experimentals -- above the costs of serving controls -- is $430 per experimental ($253 for applicants and $548 for recipients).

While it is necessary to estimate costs on a per experimental basis -- to permit comparison with program effects measured in this way -- it is important to remember that not all experimentals received substantial amounts of program services. Indeed, if only the enrollees active in the program at some time are considered, the average cost per person would be higher. ESP operating costs were re-estimated for the experimentals who were ever assigned to the program's activities. (The costs of support services and community education and training services are not included.) For the full sample, the average gross cost per person increased to approximately $603. For applicants it rose to $536, while for recipients it increased to $629.

## V. Distribution of Results

This section considers the benefits and costs of the program from several perspectives, first that of the welfare sample -- the AFDC applicants and recipients included in this study. For this group, the benefits generated by ESP include increased earnings and fringe benefits from employment as well as increased support services (e.g., child care and transportation). However, these gains are offset by an increase in taxes owed on earned income, and a reduction in transfer payments. Table 5.5 presents

## TABLE 5.5

## VIRGINIA

## FROM THE PERSPECTIVE OF THE WELFARE SAMPLE

## ESTIMATED BENEFITS AND LOSSES PER EXPERIMENTAL AFTER FIVE YEARS, BY WELFARE STATUS

| Component of Analysis | Full Sample | Applicants | Recipients |
|---|---|---|---|
| Benefits | | | |
| Increased Earnings | $999 to $1340 | $1363 to $1840 | $806 to $1075 |
| Increased Fringe Benefits | 180 to 241 | 246 to 331 | 145 to 194 |
| Increased Support Services | 24 | 20 | 27 |
| Losses | | | |
| Increased Tax Payments | -149 to -201 | -180 to -244 | -133 to -178 |
| Reduced AFDC Payments | -290 to -359 | -338 to -422 | -278 to -342 |
| Reduction in Other Transfers | -100 to -140 | -153 to -215 | -82 to -113 |
| Net Gain or Loss[a] | 664 to 905 | 958 to 1310 | 485 to 663 |

SOURCE: MDRC calculations from VACIS and other program activity data; JTPA information systems data and fiscal records; attendance and fiscal data from local public schools and community colleges; MDRC worksite survey; Unemployment Insurance earnings and payments records; AFDC payments records; ESP and Department of Social Services fiscal records; MDRC study of ESP staff time allocation; and published and unpublished data on tax rates, employee fringe benefits and administrative costs for AFDC, Medicaid, Food Stamps, and Unemployment Insurance.

NOTES: Costs were estimated for the same five year period as benefits although most costs were incurred in the first year after random assignment.

Results are expressed in 1984 dollars. The full sample includes 2138 experimentals and 1044 controls (1285 applicants, 1897 recipients).

For benefits, estimates reflect alternative assumptions about the change in impacts after data collection ended. The first number of each range assumes that program effects decline by 22 percent per year during the extrapolation period; the second number assumes no decay or increase.

[a] The net gain or loss is the sum of all benefits and losses.

the benefits and losses estimated for the five-year time period and on the bottom line shows the overall results of adding them together. (The estimates are calculated on a base that included nonparticipants as well as participants.) Experimentals enjoyed a net gain as their increased earnings clearly outweighed their increased taxes and reduced transfer payments. For the full sample, estimates of this gain range in value from $664 to $905 per experimental over five years, depending on which assumption about the rate of decay in program effects is used. (The lower value reflects an annual decay rate of 22 percent during the extrapolation period; the higher value assumes no decrease or increase.) The net gain is larger for applicants than recipients ($958 to $1310 and $485 to $663 respectively), although applicants lose more in taxes and transfer payments. These greater losses are outweighed by applicants' increased earnings and fringe benefits.

The government budgetary perspective is of critical concern to policymakers interested in budget savings. According to this perspective, increased tax payments, reduced transfer payments, and reductions in the costs of administering transfer payments constitute benefits.[30] In contrast, government dollars are expended to operate ESP, as well as for support services and education and training programs in the community. Table 5.6 presents these gains and losses and shows that, for the full sample, ESP resulted in savings for the government budget ranging from $159 to $336 per experimental. Most of these savings are due to the effects of the program on applicants -- a net gain from the budgetary perspective of $506 to $746 per applicant. For recipients, estimates ranged from a net loss of $29 per experimental to a net gain of $119, depending on

## TABLE 5.6

## VIRGINIA

## FROM THE GOVERNMENT BUDGET AND TAXPAYER PERSPECTIVES

## ESTIMATED BENEFITS AND LOSSES PER EXPERIMENTAL AFTER FIVE YEARS, BY WELFARE STATUS

| Component of Analysis | Full Sample | Applicants | Recipients |
|---|---|---|---|
| Benefits | | | |
| Increased Tax Payments | $149 to $201 | $180 to $244 | $133 to $178 |
| Reduced AFDC Payments | 290 to 359 | 338 to 422 | 278 to 342 |
| Reduction in Other Transfers | 100 to 140 | 153 to 215 | 82 to 113 |
| Reduced Transfer Program Administration | 50 to 66 | 88 to 118 | 26 to 34 |
| Losses | | | |
| ESP Operating Costs | -388 | -251 | -479 |
| Support Service Costs | -24 | -20 | -27 |
| Community Education and Training Costs | -18 | 18 | -42 |
| Net Gain or Loss from the Budget Perspective[a] | 159 to 336 | 506 to 746 | -29 to 119 |
| In-Program Output (Benefit) | 104 | 41 | 145 |
| Net Gain or Loss from the Taxpayer Perspective[b] | 263 to 440 | 547 to 787 | 116 to 264 |

SOURCE: See Table 5.5.

NOTES: Costs were estimated for the same five year period as benefits although most costs were incurred in the first year after random assignment. Results are expressed in 1984 dollars. The full sample includes 2138 experimentals and 1044 controls (1285 applicants, 1897 recipients). For benefits other than in-program output, estimates reflect alternative assumptions about the change in impacts after data collection ended. The first number of each range assumes that program effects decline by 22 percent per year during the extrapolation period; the second number assumes no decay or increase.

[a] The net gain or loss from the budget perspective is the sum of all benefits and losses, excluding the value of in-program output.

[b] The net gain or loss from the taxpayer perspective is obtained by adding the value of in-program output to the net gain or loss from the budget perspective.

assumptions about decay. Given this range of estimates and the various decisions made in calculating them, these results are probably best interpreted to mean that, for recipients, the government budget essentially "breaks even" after five years.

The effect of ESP on the government budget is quite close to its effect on taxpayers.[31] The two perspectives are not identical since taxpayers benefit not only from the net savings to the government budget, but also from the value of output produced by ESP participants in work experience assignments. Taxpayers benefit from the services performed by participants assigned to work experience without having to pay for them. Adding the value of services performed in work experience to the estimated budget savings yields the overall gain to taxpayers: $263 to $440 per experimental, with a positive value for recipients as well as for applicants. (See Table 5.6.)

A final perspective considered here is that of society at large, which includes both the welfare sample participating in this study and taxpayers. From the perspective of society as a whole, program effects that are a gain to one of these groups but an equivalent loss to the other group yield no net benefits; they are simply transfers between groups. For example, the reduction in AFDC payments is a loss to the welfare sample that is offset by equal savings for taxpayers. In contrast, the reduction in the administrative costs of the AFDC program is a net benefit to society as a whole since taxpayers save money and the welfare sample is not directly affected. Similarly, increased earnings of the welfare sample are not fully offset by losses to taxpayers.[32] (See Appendix Table G.3 for further detail on the distribution of specific categories of benefits and costs.) For the full sample, the total benefits to society were estimated at $1,333 to $1,751, while estimated costs totaled $406, yielding a net societal gain of $927 to $1,345 per experimental after five years. The estimated net gain for applicants ($1,505 to $2,097) exceeded the net gain for recipients ($601 to $927).

The overall gain or loss generated by ESP from each of the four perspectives discussed above can be compared in Table 5.7 for applicants, recipients and the full research sample. From almost all of these perpectives, the economic benefits of the program exceeded the losses it generated. The one exception is for recipients from the government budget perspective. For that group, whether or not ESP resulted in net budgetary savings depends on assumptions about the decay rate.

As noted throughout this chapter, the results of the benefit-cost evaluation of ESP were calculated assuming that program effects continued to occur after the observation period -- either unchanged or at a decay rate of 22 percent. Because the extrapolated effects constituted a major share of the total effects estimated for the five-year time period (see Section III.E), it is useful to consider how the overall benefit-cost results would change if program effects are assumed to be zero after the end of data collection. Such an assumption would yield lower-bound estimates of the program's results.

To test the sensitivity of the benefit-cost results to this assumption, all benefits and losses were re-estimated without including the extrapolated effects. The overall results, which are presented in Appendix Table G.4, reveal that the welfare sample's gains from the program still

## TABLE 5.7

## VIRGINIA

## ESTIMATED NET GAIN OR LOSS PER EXPERIMENTAL AFTER FIVE YEARS, BY WELFARE STATUS AND PERSPECTIVE

| | Perspective | | | |
|---|---|---|---|---|
| Welfare Status | Welfare Sample | Budget | Taxpayer | Society |
| Full Sample | 664 to 905 | 159 to 336 | 263 to 440 | 927 to 1345 |
| Applicants | 958 to 1310 | 506 to 746 | 547 to 787 | 1505 to 2097 |
| Recipients | 485 to 663 | -29 to 119 | 116 to 264 | 601 to 927 |

SOURCE: MDRC calculations from VACIS and other program activity data; JTPA information systems data and fiscal records; attendance and fiscal data from local public schools and community colleges; MDRC worksite survey; Unemployment Insurance earnings and payments records; AFDC payments records; ESP and Department of Social Services fiscal records; MDRC study of ESP staff time allocation; and published and unpublished data on tax rates, employee fringe benefits, and administrative costs for AFDC, Medicaid, Food Stamps, and Unemployment Insurance.

NOTES: Within each perspective, positive numbers indicate gains to that group and negative numbers indicate losses.

Results are expressed in 1984 dollars. The full sample includes 2138 experimentals and 1044 controls (1285 applicants, 1897 recipients).

Estimates reflect alternative assumptions about the change in program effects after data collection ended. The first number of each range assumes that program effects decline by 22 percent per year during the extrapolation period; the second number assumes no decay or increase.

exceed its losses. In contrast, for the government budget, the losses outweigh the benefits. From the taxpayer and societal perspectives, a net gain was estimated for applicants while a net loss was estimated for recipients. Overall, these findings support the conclusion that ESP is beneficial for applicants and recipients. However, the program cannot be viewed as cost-effective for the government budget or taxpayers unless future program effects are considered and are assumed not to decay substantially.

This benefit-cost analysis has not taken into account several important factors worth underscoring. The higher employment rate of experimentals could result in some displacement of other workers, yet this evaluation assumed no displacement occurred. The analysis also did not assess such an intangible benefit as potential enhancement of self-esteem as a result of working. In addition, the evaluation did not consider the implications of welfare mothers spending more time working and less time with their children. Nor did it take account of the degree to which society values working over receiving welfare. The factors not weighed in this analysis should be considered in interpreting its results.

# APPENDIX A

## TABLE A.1

## VIRGINIA

## DISTRIBUTION OF APPLICANTS AND RECIPIENTS NOT RANDOMLY ASSIGNED, BY REASON FOR EXCLUSION FROM RANDOM ASSIGNMENT (AUGUST 1983-SEPTEMBER 1984 SAMPLE)

| Reason | Applicants and Recipients |
|---|---|
| Currently Active in ESP[a] | 4.3 |
| Currently Scheduled to Begin Selected ESP Components[b] | 6.9 |
| Prior Participation in Selected ESP Components[c] | 3.9 |
| In Full-Time Non-ESP Education or Training | 14.0 |
| Mandatory Registrant With Child Less Than Six Years Old[d] | 59.5 |
| Volunteer | 8.7 |
| Male[e] | 2.7 |
| Total Number Not Randomly Assigned | 2995 |

SOURCE: Calculations from MDRC Client Information Sheets.

NOTES: Some individuals were excluded from random assignment for more than one reason.

[a] Recipients were screened for current participation in ESP components: group job search, work experience, training and education. Individuals who were currently participating in individual job search were considered eligible for random assignment.

[b] Recipients who were scheduled within thirty days to begin ESP work experience, education or training were not eligible for random assignment.

[c] Recipients who participated in ESP work experience, education or training were not eligible for random assignment.

[d] Single parents who have children under six years of age on their case are WIN-mandatory when they are out of the home for more than brief or infrequent periods.

[e] Some males were inadvertently randomly assigned to the research groups. For this analysis, they were considered to be part of the non-research group.

## TABLE A.2

## VIRGINIA

## SELECTED CHARACTERISTICS OF THE ESP ENROLLEES AT THE TIME OF RANDOM ASSIGNMENT, BY RESEARCH SAMPLE GROUP (AUGUST 1983 - SEPTEMBER 1984 SAMPLE)

| Characteristic | Research Sample | Non-Research Sample |
|---|---|---|
| AFDC Status (%) | | |
| Applicant | 40.4 | 23.5*** |
| Recipient | 59.6 | 76.5*** |
| Average Age (Years) | 33.6 | 27.8*** |
| Ethnicity (%) | | |
| White, Non-Hispanic | 32.8 | 25.0*** |
| Black, Non-Hispanic | 64.0 | 72.2*** |
| Hispanic | 1.2 | 0.8 |
| Other | 2.0 | 2.0 |
| Degree Received (%) | | |
| None | 56.3 | 45.2*** |
| General Equivalency Diploma | 8.1 | 8.1 |
| High School Diploma | 35.5 | 46.7*** |
| Prior AFDC Dependency (%) | | |
| Never on AFDC | 12.1 | 10.2** |
| Two Years or Less | 28.1 | 34.8*** |
| More Than Two Years | 59.8 | 55.0*** |
| Held Job at Any Time During Four Quarters Prior to Random Assignment (%)[a] | 36.7 | 36.0 |
| Average Earnings During Four Quarters Prior to Random Assignment ($)[a] | 1167.56 | 741.55*** |
| Total Sample[b] | 3184 | 2786 |

SOURCE: Calculations from MDRC Client Information Sheets and UI earnings records from the Commonwealth of Virginia.

NOTES: Distributions may not add exactly to 100.0 percent because of rounding.

[a] Calculated from Unemployment Insurance earnings records from the Commonwealth of Virginia.

[b] For selected characteristics, sample sizes may vary up to 38 sample points due to missing data.

Differences between sample groups are statistically significant using a two-tailed t-test or chi-square test at the following levels: * = 10 percent; ** = 5 percent; *** = 1 percent.

## TABLE A.3

## VIRGINIA

## SELECTED CHARACTERISTICS OF THE RESEARCH SAMPLE AT THE TIME OF RANDOM ASSIGNMENT, BY RESEARCH GROUP (AUGUST 1983 - SEPTEMBER 1984 SAMPLE)

| Characteristic | Controls | Job Search-Work Experience | All ESP Services | Total |
|---|---|---|---|---|
| Welfare Status (%) | 41.1 | 39.0 | 41.1 | 40.4 |
| Applicant | 58.9 | 61.0 | 58.9 | 59.6 |
| Recipient | | | | |
| Average Age (Years) | 33.3 | 33.9 | 33.7 | 33.6 |
| Ethnicity (%) | | | | |
| White, Non-Hispanic | 32.0 | 32.9 | 33.6 | 32.8 |
| Black, Non-Hispanic | 64.3 | 64.0 | 63.7 | 64.0 |
| Hispanic | 1.3 | 1.2 | 1.0 | 1.2 |
| Other | 2.4 | 1.9 | 1.7 | 2.0 |
| Degree Received (%) | | | | |
| None | 55.1 | 57.4 | 56.5 | 56.3 |
| General Equivalency Diploma | 7.7 | 7.9 | 8.8 | 8.1 |
| High School Diploma | 37.2 | 34.6 | 34.7 | 35.5 |
| Prior AFDC Dependency (%) | | | | |
| Never on AFDC | 12.7 | 12.4 | 11.3 | 12.1 |
| Two Years or Less | 27.8 | 28.3 | 28.1 | 28.1 |
| More Than Two Years | 59.5 | 59.4 | 60.6 | 59.8 |
| Held Job at Any Time During Four Quarters Prior to Random Assignments (%)[a] | 38.1 | 33.8 | 38.3 | 36.7* |
| Average Earnings During Four Quarters Prior to Random Assignment ($)[a] | 1237.86 | 992.71 | 1271.67 | 1167.56** |
| Total Sample[b] | 1046 | 1061 | 1077 | 3184 |

SOURCE: Calculations from MDRC Client Information Sheets and UI earnings records from the Commonwealth of Virginia.

NOTES: Distributions may not add exactly to 100.0 percent because of rounding.

[a] Calculated from Unemployment Insurance earnings records from the Commonwealth of Virginia.

[b] For selected characteristics, sample sizes may vary up to 18 sample points due to missing data.

Differences across research groups are statistically significant using a two-tailed t-test or chi-square test at the following levels: * = 10 percent; ** = 5 percent; *** = 1 percent.

## TABLE A.4

## VIRGINIA

## SELECTED CHARACTERISTICS OF APPLICANTS AT THE TIME OF RANDOM ASSIGNMENT, BY PERIOD OF RANDOM ASSIGNMENT

## (AUGUST 1983 - SEPTEMBER 1984 SAMPLE)

| Characteristic | August 1983-March 1984 | April-September 1984 |
|---|---|---|
| Local Agency (%) | | |
| Fairfax | 27.7 | 27.1 |
| Newport News | 32.6 | 20.8*** |
| Hampton | 15.7 | 13.1 |
| Chesapeake | 3.5 | 16.4*** |
| Rural Agencies | 20.5 | 22.5 |
| Average Age (Years) | 32.9 | 33.2 |
| Ethnicity (%) | | |
| White, Non-Hispanic | 41.2 | 42.3 |
| Black, Non-Hispanic | 55.7 | 54.0 |
| Hispanic | 1.5 | 1.5 |
| Other | 1.6 | 2.2 |
| Degree Received (%) | | |
| None | 50.7 | 47.0 |
| General Equivalency Diploma | 8.3 | 8.5 |
| High School Diploma | 41.0 | 44.5 |
| Prior AFDC Dependency (%) | | |
| Never on AFDC | 23.3 | 30.1*** |
| Two Years or Less | 32.7 | 29.9 |
| More than Two Years | 44.0 | 39.9 |
| Held Job at Any Time During Four Quarters Prior to Random Assignment (%)[a] | 56.2 | 58.6 |
| Average Earnings During Four Quarter Prior to Random Assignment ($)[a] | 1997.31 | 2695.40*** |
| Sample Size[b] | 745 | 542 |

(continued)

Table A.4 (continued)

SOURCE: Calculations from the MDRC Client Information Sheets and UI earnings records from the Commonwealth of Virginia.

NOTES: Distributions may not add exactly to 100.0 percent because of rounding.

[a] Calculated from Unemployment Insurance earnings records from the Commonwealth of Virginia.

[b] For selected characteristics, sample sizes may vary up to 8 sample points due to missing data.

Differences between periods of random assignment are statistically significant using a two-tailed t-test or chi-square test at the following levels: * = 10 percent; ** = 5 percent; *** = 1 percent.

## TABLE A.5

## VIRGINIA

## SELECTED CHARACTERISTICS OF RECIPIENTS AT THE TIME OF RANDOM ASSIGNMENT, BY PERIOD OF RANDOM ASSIGNMENT (AUGUST 1983 - SEPTEMBER 1984 SAMPLE)

| Characteristic | August 1983-March 1984 | April-September 1984 |
|---|---|---|
| Local Agency (%) | | |
| Fairfax | 14.4 | 29.1*** |
| Newport News | 28.8 | 20.6*** |
| Hampton | 14.6 | 18.2 |
| Chesapeake | 20.9 | 12.1*** |
| Rural Agencies | 21.3 | 20.0 |
| Average Age (Years) | 34.2 | 33.1** |
| Ethnicity (%) | | |
| White, Non-Hispanic | 28.0 | 21.6** |
| Black, Non-Hispanic | 70.0 | 71.0 |
| Hispanic | 1.9 | 1.2 |
| Other | 0.1 | 6.2 |
| Degree Received (%) | | |
| None | 61.3 | 61.1 |
| General Equivalency Diploma | 8.3 | 6.8 |
| High School Diploma | 30.5 | 32.0 |
| Prior AFDC Dependency (%) | | |
| Never on AFDC | 1.5 | 7.4*** |
| Two Years or Less | 26.9 | 20.4** |
| More than Two Years | 71.6 | 72.2 |
| Held Job at Any Time During Four Quarters Prior to Random Assignment (%)[a] | 22.8 | 23.2 |
| Average Earnings During Four Quarter Prior to Random Assignment ($)[a] | 427.28 | 310.83 |
| Sample Size[b] | 1557 | 340 |

(continued)

TABLE A.5 (continued)

SOURCE: Calculations from MDRC Client Information Sheets and UI earnings records from the Commonwealth of Virginia.

NOTES: Distributions may not add exactly to 100.0 percent because of rounding.

[a] Calculated from Unemployment Insurance earnings records from the Commonwealth of Virginia.

[b] For selected characteristics, sample sizes may vary up to 6 sample points due to missing data.

Differences between periods of random assignment are statistically significant using a two-tailed t-test or chi-square test at the following levels: * = 10 percent; ** = 5 percent; *** = 1 percent.

### TABLE A.6

### VIRGINIA

### MONTHLY UNEMPLOYMENT RATES, BY LOCAL AGENCY
### (AUUST 1983-JUE 1985)

| Month | Urban Agencies | | | | Rural Agencies | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Fairfax | Newport News | Hampton | Chesapeake | Henry | Grayson | Galax | Carroll | Martinsville | Pittsylvania | Campbell | Virginia |
| August 1983 | 2.6 | 4.3 | 4.6 | 5.1 | 5.2 | 8.3 | 5.8 | 5.8 | 8.1 | 6.7 | 4.2 | 5.2 |
| September | 2.5 | 4.4 | 4.8 | 4.9 | 4.6 | 6.3 | 5.4 | 5.6 | 5.2 | 5.8 | 4.4 | 4.8 |
| October | 2.7 | 5.0 | 5.8 | 4.8 | 4.8 | 7.8 | 5.0 | 6.1 | 4.8 | 7.2 | 4.9 | 5.0 |
| November | 2.7 | 5.1 | 5.6 | 4.7 | 6.6 | 7.7 | 5.2 | 5.3 | 5.2 | 8.5 | 7.2 | 5.2 |
| December | 2.6 | 4.8 | 5.1 | 4.7 | 8.8 | 7.9 | 4.9 | 5.7 | 6.4 | 7.8 | 5.7 | 5.3 |
| January 1984 | 2.8 | 5.3 | 5.6 | 5.1 | 8.3 | 9.9 | 5.7 | 8.7 | 8.2 | 9.7 | 7.0 | 6.2 |
| February | 2.5 | 4.9 | 5.5 | 4.7 | 8.6 | 9.1 | 4.5 | 7.6 | 6.8 | 11.1 | 7.1 | 5.7 |
| March | 2.5 | 5.1 | 5.4 | 4.4 | 5.2 | 8.9 | 4.5 | 6.2 | 5.9 | 7.0 | 5.4 | 5.4 |
| April | 2.4 | 4.7 | 5.0 | 4.6 | 5.4 | 7.7 | 4.5 | 6.2 | 5.0 | 6.5 | 5.4 | 5.0 |
| May | 2.6 | 4.6 | 4.4 | 4.0 | 7.2 | 8.2 | 4.1 | 5.5 | 5.4 | 6.1 | 4.4 | 4.8 |
| June | 2.9 | 4.6 | 4.8 | 4.6 | 4.7 | 8.5 | 4.5 | 5.5 | 4.0 | 6.2 | 4.2 | 4.9 |
| July | 2.8 | 4.8 | 5.0 | 5.2 | 6.6 | 9.1 | 8.8 | 6.3 | 4.3 | 9.3 | 5.3 | 5.2 |
| August | 2.5 | 4.4 | 4.6 | 4.3 | 5.6 | 8.0 | 4.9 | 4.9 | 4.9 | 5.8 | 3.8 | 4.4 |
| jeptember | 2.5 | 4.4 | 4.7 | 4.2 | 5.4 | 8.0 | 5.0 | 6.2 | 3.8 | 5.3 | 5.0 | 4.4 |
| October | 2.7 | 5.0 | 4.9 | 4.5 | 7.1 | 8.7 | 6.7 | 6.2 | 7.1 | 8.8 | 6.6 | 4.8 |
| November | 2.5 | 4.6 | 4.5 | 4.0 | 8.9 | 7.7 | 3.6 | 8.1 | 8.4 | 9.6 | 7.6 | 4.8 |
| December | 2.7 | 4.8 | 4.6 | 3.8 | 7.8 | 8.3 | 4.2 | 9.8 | 6.9 | 9.4 | 6.5 | 5.0 |
| January 1985 | 3.2 | 5.3 | 5.5 | 4.4 | 9.0 | 10.8 | 6.5 | 11.4 | 7.2 | 9.9 | 7.2 | 5.9 |
| February | 2.6 | 5.2 | 5.5 | 4.8 | 10.0 | 13.0 | 6.5 | 14.4 | 8.2 | 11.5 | 9.4 | 5.8 |
| March | 2.5 | 4.5 | 5.0 | 4.2 | 8.7 | 11.9 | 5.9 | 14.0 | 7.0 | 9.8 | 7.3 | 5.3 |
| April | 2.5 | 3.8 | 4.3 | 4.5 | 5.5 | 12.0 | 5.1 | 9.1 | 6.0 | 7.9 | 5.7 | 4.8 |
| May | 3.1 | 3.9 | 4.7 | 4.9 | 6.4 | 15.1 | 6.1 | 10.2 | 6.2 | 8.1 | 6.1 | 5.1 |
| June | 3.5 | 5.0 | 5.1 | 5.3 | 5.8 | 12.7 | 7.8 | 9.6 | 5.6 | 8.7 | 6.7 | 5.4 |
| Average | 2.7 | 4.7 | 5.0 | 4.6 | 6.6 | 9.3 | 5.3 | 7.8 | 6.0 | 8.1 | 6.0 | 5.1 |

SOURCE: Calculations from the Virginia Employment Commission, Labor Force Estimates.

NOTES: Unemployment rates are not seasonally adjusted.

# APPENDIX B

# APPENDIX B

## QUALITY CONTROL

### I. Client Information Sheets

As part of the effort to maintain high quality in the data recorded in the Client Information Sheets (CIS), MDRC trained DSS staff in administering the questionnaire and during site visits monitored interviews in which the questionnaire was administered. MDRC checked the quality of the data by contrasting self-reported information on prior employment and AFDC receipt in the CIS with UI records and VACIS; comparing the distribution of answers to those given in other programs included in MDRC's Demonstration of State Work/Welfare Initiatives; searching for and excluding impossible answers (such as having more than 20 children under age 18); and identifying whether any DSS office provided a large share of incorrect answers or missing data. As indicated in Chapter 2, this quality control check showed the CIS data to be at least as accurate in Virginia as in any of the other states included in MDRC's Demonstration.

For 30 people (about one percent of the sample), data were missing for one or more of the CIS variables used in the process, impact or benefit-cost analyses. Data were missing for only one or two of the variables for about half of this group, and for all of the variables for the remainder.

All available demographic data were used to examine patterns of participation. For the analysis of impacts and benefits and costs, missing CIS data were imputed according to the following procedure. Subgroups of the research sample were formed using data that were available for every member of the research sample: research group, AFDC status (applicant or recipient), DSS office, and prior work history (ever employed or never employed during the year prior to random assignment). These variables could be combined in 132 ways and the researchers fit all research members for whom data were missing into these subgroups. For each subgroup, the researchers ascertained the answer most frequently given to each of the questions on the CIS for which data were missing and substituted these modal values for the missing data. This procedure was used for all members of the research sample who lacked data -- except for the two cases missing Social Security numbers, who therefore also lacked earnings data. (Social Security numbers were used to reference earnings data from the computerized files in the state Unemployment Insurance system.) Therefore, the regression equations for the impact and benefit-cost analyses both use a sample of 3,182.

## II. AFDC Payments

In order to test the accuracy of payments data in VACIS and on the record forms sent by staff members in Fairfax County, MDRC conducted a quality control check of payment records for a subsample of 157 members of the research sample from the four urban agencies who at some point received welfare benefits while working. MDRC had gathered these data for a previous study (Goldman et al., 1985a). Although this subsample was not representative of the entire research sample, it was appropriate to use in testing the accuracy of the payments records in VACIS and in the Fairfax County reporting system.

For the members of this subsample, the researchers compared the value of payments obtained from VACIS or the Fairfax County forms to the corresponding value of AFDC payments contained in the case files. The combined total of case months examined was 1,413. MDRC found that the data in VACIS failed to match payments data in the case files for slightly over 10 percent of the cases. The mean absolute difference between corresponding payments was about $14. When positive and negative values were used and the values of payments from the case file subtracted from the computerized analysis file, the resulting mean difference was -$1.88, indicating that the payments data in the analysis file slightly underestimated the actual value of registrants' welfare grants. Differences among research groups were not significant. As indicated in Chapter 2, these results were consistent with those from similar quality control checks performed for other state information systems used in MDRC studies of state work/welfare initiatives. Therefore, the researchers decided to use the payments data in the analysis file without further modification. An examination of the distribution of the values of monthly payments in the analysis file did not turn up any payments so large as to be unlikely.

## III. UI Earnings and Benefits

Quality control checks of data in MDRC's analysis file drawn from Virginia's UI System revealed a close fit. MDRC compared the value of each quarter of earnings and each month of benefits in the two data sources for a randomly selected subsample of 50 registrants who were recorded on MDRC's analysis file as having earned money during the third quarter of 1984, as well as for a second group of 25 people who were listed as never having worked during that quarter or any previous quarter up to and including the quarter of random assignment. The data quality test found a discrepancy in the earnings data for only one member of the subsample and discrepancies in the UI benefits data for two others. Given this low error rate, the data in the analysis file were used without modification.

As an additional check on the quality of the data, MDRC examined the distribution of earnings and UI benefits for all members in the research sample to identify clearly impossible data for quarterly earnings or monthly benefits. Since no impossible value was found, the earnings and benefits data were used without modification.

In contrast to the information on AFDC payments and program participation, the UI earnings and benefit data originated from a single statewide centralized data base and therefore were not subject to systematic interagency variations related to different methods of recordkeeping.

# APPENDIX C

# TABLE C.1

## VIRGINIA

## ALL AFDC: NINE-MONTH PERFORMANCE INDICATORS FOR EXPERIMENTALS, BY LOCAL AGENCY AND RESEARCH GROUP (AUGUST 1983-SEPTEMBER 1984 SAMPLE)

| Performance Indicator | Fairfax | | Newport News | | Hampton | | Chesapeake | | Rural Agencies | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Job Search-Work Experience | All ESP Services | Job Search-Work Experience | All ESP Services | Job Search-Work Experience | All ESP Services | Job Search-Work Experience | All ESP Services | Job Search-Work Experience | All ESP Services |
| Assessed[a] | 90.1 | 78.1*** | 82.1 | 63.8 | 76.3 | 85.4* | 93.3 | 89.4 | 88.9 | 86.9 |
| Ever Active | 67.1 | 51.0*** | 42.0 | 44.9 | 57.1 | 68.9** | 67.5 | 68.8 | 69.3 | 63.3 |
| Participated in Job Search | 58.4 | 46.6** | 34.8 | 36.1 | 44.8 | 56.7** | 60.1 | 66.9 | 65.3 | 56.3* |
| Individual Job Search | 55.8 | 45.5** | 10.2 | 10.2 | 36.5 | 53.0*** | 46.0 | 53.8 | 64.4 | 54.1** |
| Group Job Search | 2.6 | 5.7 | 27.6 | 31.0 | 9.6 | 6.1 | 25.8 | 24.4 | 2.7 | 5.2 |
| Participated in Work Experience | 17.8 | 2.3*** | 8.2 | 3.7** | 23.1 | 9.8*** | 17.8 | 13.1 | 6.2 | 2.6 |
| Participated in Training or Education | 3.9 | 11.4*** | 11.9 | 17.0 | 8.3 | 14.6 | 11.0 | 11.3 | 9.8 | 14.8 |
| Training | 2.2 | 4.4 | 2.7 | 4.4 | 3.8 | 3.0 | 4.3 | 4.4 | 4.9 | 8.3 |
| Education | 1.7 | 7.0** | 9.6 | 12.6 | 4.5 | 11.6** | 6.7 | 6.9 | 4.9 | 6.6 |
| Deregistered[b] | 46.3 | 64.5*** | 15.7 | 16.0 | 22.4 | 29.3 | 46.6 | 41.3 | 28.8 | 34.1 |
| Due to Sanctioning[c] | 7.8 | 8.0 | 1.4 | 0.3[e] | 3.8 | 2.4 | 4.9 | 5.0 | 2.2 | 4.4 |
| Placement Rate[d] | 1.7 | 0.0[e] | 9.9 | 8.5 | 17.9 | 19.5 | 30.1 | 33.8 | 16.4 | 19.2 |
| Total Number of Experimentals | 224 | 230 | 283 | 294 | 156 | 164 | 163 | 160 | 225 | 229 |

(continued)

SOURCE: Calculations from the Virginia Automated Client Information System and from program activity data collected from case file records of a random subsample of experimentals in Fairfax County.

NOTES: Performance indicators are defined as ever assigned to a particular component or status.

Performance indicators are calculated as a percentage of the total persons in the indicated research group in all agencies but Fairfax. In Fairfax County, performance indicators are calculated as a percentage of a random subsample of 183 experimentals whose case files were reviewed.

[a] Assessment is defined for applicants and redetermined WIN-mandatory recipients as contact with an Employment Services Worker after random assignment. For those recipients who were WIN-mandatory before the start of the research, assessment is defined as reassessment at the point of random assignment.

[b] Deregistration is defined as being deregistered according to ESP program records or failing to receive AFDC payments at any time during the nine months following random assignment.

[c] Sanctioning rates are defined as referral for sanctions.

[d] Program placement information is based on employment that is reported to program staff. Program placement data will not be used to measure impacts.

[e] Chi-square test inappropriate due to low expected cell frequencies.

A chi-square test was applied to differences between research groups within local agencies. Statistical significance levels were calculated as: * = 10 percent; ** = 5 percent; and *** = 1 percent.

## TABLE C.2

## VIRGINIA

## AFDC APPLICANTS AND RECIPIENTS: DISTRIBUTION OF EXPERIMENTALS IN PROGRAM ACTIVITIES, BY WELFARE STATUS (AUGUST 1983 - SEPTEMBER 1984 SAMPLE)

| Activity | Applicants | Recipients | Total |
|---|---|---|---|
| Never Active | 58.3 | 30.6 | 41.7 |
| Job Search Only | 30.0 | 43.2 | 37.9 |
| Post Job Search Services | 11.7 | 26.2 | 20.4 |
| Work Experience Only | 0.4 | 3.6 | 2.3 |
| Education and Training Only | 4.1 | 5.3 | 4.8 |
| Job Search and Work Experience | 2.5 | 9.1 | 6.4 |
| Job Search and Education and Training | 4.4 | 7.2 | 6.1 |
| Work Experience and Education and Training | 0.0 | 0.3 | 0.2 |
| Job Search, Work Experience, and Education and Training | 0.4 | 0.7 | 0.6 |
| Total Number of Experimentals | 857 | 1281 | 2138 |

SOURCE: Calculations from the Virginia Automated Client Information System and from program activity data collected from case file records of a random subsample of experimentals in Fairfax County.

NOTES: Performance indicators are defined as ever assigned to a particular component.

Experimentals are comprised of both Job Search-Work Experience and All ESP Services research groups.

Tests of statistical significance between applicants and recpients were not examined.

### TABLE C.3

### VIRGINIA

### NINE-MONTH PERFORMANCE INDICATORS FOR ASSESSED EXPERIMENTALS, BY WELFARE STATUS (AUGUST 1983 - SEPTEMBER 1984 SAMPLE)

| Performance Indicator | Applicants | Recipients | Total |
|---|---|---|---|
| Ever Active | 66.2 | 76.2 | 73.0*** |
| Participated in Job Search | 59.1 | 66.1 | 63.9*** |
| Individual Job Search | 47.4 | 52.1 | 50.6* |
| Group Job Search Activities | 15.6 | 19.8 | 18.5** |
| Participated in Work Experience | 4.9 | 15.0 | 11.8*** |
| Participated in Training or Education | 14.0 | 14.9 | 14.6 |
| Training | 5.0 | 5.5 | 5.3 |
| Education | 9.1 | 9.5 | 9.3 |
| Deregistered[a] | 48.9 | 35.8 | 39.9*** |
| Due to Sanctioning[b] | 3.8 | 4.5 | 4.3 |
| Placed[c] | 13.8 | 19.5 | 17.7*** |
| Total Number of Assessed Experimentals | 538 | 1166 | 1704 |

SOURCE: Calculations from the Virginia Automated Client Information System and from program activity data collected from case file records of a random subsample of experimentals in Fairfax County.

NOTES: Performance indicators are defined as ever assigned to a particular component or status.

(continued)

TABLE C.3 (continued)

Performance indicators are calculated as a percentage of the total persons in the indicated research group in all agencies but Fairfax. In Fairfax County, performance indicators are calculated as a percentage of a random subsample of 183 experimentals whose case files were reviewed. The results from Fairfax County are weighted to equal the total number of Fairfax experimentals in the research sample.

[a] Deregistration is defined as being deregistered according to ESP program records or failing to receive AFDC payments at any time during the nine months following random assignment.

[b] Sanctioning rates are defined as referral for sanctions.

[c] Program placement information is based on employment that is reported to program staff. Program placement data will not be used to measure impacts.

A chi-square test was applied to differences between welfare statuses. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; *** = 1 percent.

## TABLE C.4

## VIRGINIA

## ALL AFDC: DISTRIBUTION OF EXPERIMENTALS BY PROGRAM, WELFARE, AND EMPLOYMENT STATUS IN THE NINTH MONTH AFTER RANDOM ASSIGNMENT

## (AUGUST 1983-SEPTEMBER 1984 SAMPLE)

### APPLICANTS

| Status | Participant | Non-Participant | Total |
|---|---|---|---|
| On Welfare | 23.3 | 14.0 | 37.3 |
| Deregistered | 4.7 | 5.3 | 10.0 |
| Employed | 2.3 | 1.4 | 3.7 |
| Not Employed | 2.4 | 3.9 | 6.3 |
| Registered | 18.6 | 8.7 | 27.3 |
| Employed | 5.3 | 2.2 | 7.5 |
| Not Employed | 13.3 | 6.5 | 19.8 |
| Off Welfare (Deregistered) | 18.3 | 44.4 | 62.7 |
| Employed | 11.4 | 24.9 | 36.3 |
| Not Employed | 6.9 | 19.5 | 26.4 |
| Total | 41.6 | 58.4 | 100.0 |
| Total Number of Applicants | 357 | 500 | 857 |

### RECIPIENTS

| Status | Participant | Non-Participant | Total |
|---|---|---|---|
| On Welfare | 55.0 | 19.5 | 74.5 |
| Deregistered | 10.1 | 6.3 | 16.4 |
| Employed | 1.7 | 0.9 | 2.6 |
| Not Employed | 8.4 | 5.4 | 13.8 |
| Registered | 44.9 | 13.2 | 58.1 |
| Employed | 7.3 | 1.8 | 9.1 |
| Not Employed | 37.6 | 11.4 | 49.0 |
| Off Welfare (Deregistered) | 14.3 | 11.1 | 25.4 |
| Employed | 7.6 | 4.5 | 12.1 |
| Not Employed | 6.7 | 6.6 | 13.3 |
| Total | 69.3 | 30.6 | 100.0 |
| Total Number of Recipients | 887 | 393 | 1280 |

(continued)

## TABLE C.4 (continued)

### ALL AFDC

| Status | Participant | Non-Participant | Total |
|---|---|---|---|
| On Welfare | 42.3 | 17.4 | 59.7 |
| Deregistered | 7.9 | 5.9 | 13.8 |
| Employed | 1.9 | 1.1 | 3.0 |
| Not Employed | 6.0 | 4.8 | 10.8 |
| Registered | 34.4 | 11.5 | 45.9 |
| Employed | 6.5 | 2.0 | 8.5 |
| Not Employed | 27.9 | 9.5 | 37.4 |
| Off Welfare (Deregistered) | 15.9 | 24.5 | 40.4 |
| Employed | 9.1 | 12.7 | 21.8 |
| Not Employed | 6.8 | 11.8 | 18.6 |
| Total | 58.2 | 41.9 | 100.0 |
| Total Number of Experimentals | 1246 | 893 | 2139 |

SOURCE: Calculations from the Virginia Automated Client Information System and from program activity data collected from case file records of a random subsample of experimentals in Fairfax County.

NOTES: Participation is defined as ever assigned to any component.

Unlike other tables, individuals who were off welfare by the ninth month after random assignment were considered to be deregistered. In other tables, deregistered is defined as being deregistered according to ESP program records or failing to receive AFDC payments at any time during the nine months following random assignment.

Due to the weighting of the Fairfax sample, sample sizes may not match those of other tables.

For enrollees randomly assigned during October 1983, January, April, or July 1984, employment status in the ninth month is defined as ever employed during quarter 3 (the second follow-up quarter). For the rest of the sample, employment status is defined as ever employed during quarter 4. This procedure was followed because the ninth month following random assignment falls within the third quarter for the first group and during the fourth quarter for the rest of the sample.

Tests of statistical significance between participants and non-participants were not examined.

## TABLE C.5

## VIRGINIA

## TYPES OF JOB SEARCH ASSISTANCE AND REQUIREMENTS, BY AGENCY

| Agency | Type of Job Search Assistance Provided | Requirement | |
|---|---|---|---|
| | | Duration | Number of Employer Contacts |
| Fairfax | Group Job Search Workshops; Followed by Individual Job Search | 2 Weeks; 2 Weeks | N/A; 8 |
| | Individual Job Search | 2 Weeks | 8 |
| Newport News | Group Orientation Sessions; Followed by Individual Job Search | 3 Half-Days;4 Weeks | N/A; 12 |
| | Individual Job Search | 4 Weeks | 12 |
| | Group Job Search Workshops | 2 Weeks | N/A |
| | Ongoing Support Groups | N/A | N/A |
| Hampton | Group Job Search Workshops | 2 Weeks | 8 |
| | Individual Job Search | 4 Weeks | 10 |
| Chesapeake | Group Job Search Workshops | 2 Weeks | 12 |
| | Individual Job Search | 4 Weeks | 12 |
| Henry | Individual Job Search | 4 Weeks | 26 |
| | Group Job Search Workshops (During a One-Year Period) | 2 Weeks | N/A |
| Grayson | Individual Job Search | 4 Weeks | 8 |
| Galax | Individual Job Search | 4 Weeks | 16 |
| Carroll | Individual Job Search | 4 Weeks | 12 |
| Martinsville | Individual Job Search | 4 Weeks | 16 |
| | Group Job Search Workshops (During a One-Year Period) | 2 Weeks | N/A |
| Pittsylvania | Individual Job Search | 4 Weeks | 12 |
| | Group Job Search Workshops (During a One-Year Period) | 2 Weeks | N/A |
| Campbell | Individual Job Search | 4 Weeks | 12 |

SOURCE: Interviews with program staff.

N/A indicates not applicable due to the type of service provided or to the indeterminate nature of the requirement.

# APPENDIX D

## APPENDIX D

## ANALYSIS OF PARTICIPATION BY LOCAL AGENCY

This Appendix expands the discussion of patterns of program participation in Chapter 3 by examining variation among local agencies. As indicated in Chapter 1, the ESP model established guidelines within which local agencies were allowed considerable leeway in implementing the program.

### I. Assessment for Assignment to Program Components

Since ESP Workers assessed enrollees before assigning them to components, the assessment process affected participation rates. In fact, the percentage of enrollees assessed at the different agencies varied from 63 percent (at Newport News) to 100 percent (at Grayson). At every agency except Newport News, over three-quarters of the experimentals were assessed.

The proportion of experimentals at each agency who were applicants at the time of random assignment could in part account for different assessment rates since applicants whose requests for welfare were not approved did not have to participate in or be assessed for ESP. As shown in Table 2.3, the proportion of applicants varied considerably across agencies. Difficulty in keeping track of enrollees who did not attend assessment interviews also influenced assessment rates. Some enrollees broke successive appointments, yet provided excuses considered reasonable and said they intended to adhere to program requirements. The pace at which different agencies scheduled the on-board caseload for assessment interviews also might account for variation in assessment rates across agencies.

The distinctly lower assessment rate found for experimentals in Newport News (63 percent) may be due to the accelerated schedule for assessing the on-board recipient caseload of that agency. (The agency in Newport News did not differ markedly from the others included in the evaluation according to the other factors discussed above.) Since the staff in Newport News decided to assess the entire on-board caseload in the first few months after random assignment began in August 1983, workers were faced with scheduling a large number of enrollees in a short time -- and might have found it particularly hard to keep track of enrollees who missed appointments. In addition, during this period, new workers were being hired and taking over responsibility for enrollees from other staff members, thus raising the additional issue of possible confusion about the staff person responsible for tracking those who failed to keep their appointments.

This Appendix refers to figures in Table D.1 which presents participation rates calculated for all experimentals. However, since the program did not serve those who were not assessed, rates were also calculated for those experimentals who were assessed within nine months after random assignment. Overall, 73 percent of the experimentals assessed were active in ESP. For most agencies, these recalculated rates do not represent substantial changes from the figures presented in Table D.1. Since the agency in Newport News assessed a smaller proportion of experimentals than any of the other agencies, Table D.2 does provide a more accurate view of

## TABLE D.1

## VIRGINIA

## ALL AFDC: NINE-MONTH PERFORMANCE INDICATORS FOR EXPERIMENTALS, BY LOCAL AGENCY (AUGUST 1983 - SEPTEMBER 1984 SAMPLE)

| Performance Indicator | Urban Agencies | | | | Rural Agencies | | | | | | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Fairfax | Newport News | Hampton | Chesapeake | Henry | Grayson | Galax | Carroll | Martinsville | Pittsylvania | Campbell | |
| Assessed[a] | 84.0 | 83.0 | 80.9 | 91.3 | 78.0 | 100.0 | 86.4 | 89.8 | 79.3 | 87.9 | 79.1 | 79.7*** |
| Ever Active | 58.0 | 43.4 | 63.1 | 68.1 | 69.5 | 84.6 | 63.6 | 52.5 | 55.2 | 80.6 | 53.0 | 58.3*** |
| Participated in Job Search | 52.4 | 35.4 | 50.9 | 63.5 | 66.1 | 76.9 | 59.1 | 49.2 | 51.7 | 77.1 | 42.6 | 51.0*** |
| Individual Job Search | 50.6 | 10.2 | 45.0 | 49.8 | 61.0 | 76.9 | 59.1 | 49.2 | 41.4 | 76.4 | 42.6 | 40.4*** |
| Group Job Search Activities | 4.2 | 29.3 | 7.8 | 25.1 | 11.9 | 0.0 | 0.0 | 0.0 | 17.2 | 4.2 | 0.0 | 14.7*** |
| Participated in Work Experience | 10.0 | 6.0 | 16.3 | 15.5 | 0.0 | 11.5 | 18.2 | 5.1 | 3.4 | 2.8 | 4.3 | 9.5*** |
| Participated in Training or Education | 7.7 | 14.5 | 11.6 | 11.1 | 11.9 | 23.1 | 22.7 | 11.9 | 10.3 | 11.1 | 10.4 | 11.6* |
| Training | 3.3 | 3.6 | 3.4 | 4.3 | 8.5 | 11.5 | 18.2 | 5.1 | 6.9 | 5.6 | 4.3 | 4.3** |
| Education | 4.4 | 11.1 | 8.1 | 6.8 | 3.4 | 11.5 | 4.5 | 6.8 | 3.4 | 5.6 | 6.1 | 7.4** |
| Deregistered[b] | 5.5 | 28.1 | 41.9 | 51.7 | 45.8 | 46.2 | 59.1 | 49.2 | 69.0 | 29.9 | 37.4 | 42.3*** |
| Due to Sanctioning[c] | 7.9 | 0.9 | 3.1 | 5.0 | 5.1 | 11.5 | 13.6 | 1.7 | 10.3 | 1.4 | 0.0 | 3.8[e] |
| Placement Rate[d] | 0.9 | 9.2 | 18.8 | 31.9 | 28.8 | 30.8 | 31.8 | 11.9 | 10.3 | 19.4 | 9.6 | 14.1*** |
| Total Number of Experimentals | 454 | 587 | 320 | 323 | 59 | 26 | 22 | 59 | 26 | 144 | 115 | 2138 |

(continued)

TABLE D.1 (continued)

SOURCE: Calculations from the Virginia Automated Client Information System and from program activity data collected from case file records of a random subsample of experimentals in Fairfax County.

NOTES: Performance indicators are defined as ever assigned to a particular component or status.

Performance indicators are calculated as a percentage of the total persons in the indicated research group in all agencies but Fairfax. In Fairfax County, performance indicators are calculated as a percentage of a random subsample of 183 experimentals whose case files were reviewed. The results from Fairfax County are weighted to equal the total number of Fairfax experimentals in the research sample.

[a] Assessment is defined for applicants and redetermined WIN-mandatory recipients as contact with an Employment Services Worker after random assignment. For those recipients who were WIN-mandatory before the start of the research, assessment is defined as reassessment at the point of random assignment.

[b] Deregistration is defined as being deregistered according to ESP program records or failing to receive AFDC payments at any time during the nine months following random assignment.

[c] Sanctioning rates are defined as referral for sanctions.

[d] Program placement information is based on employment that is reported to program staff. Program placement data will not be used to measure impacts.

[e] Chi-square test inappropriate due to low expected cell frequencies.

A chi-square test was applied to differences among local agencies. Statistical significance levels are indicated as * = 10 percent; ** = 5 percent; *** = 1 percent.

TABLE D.2

VIRGINIA

NINE-MONTH PERFORMANCE INDICATORS FOR ASSESSED EXPERIMENTALS, BY LOCAL AGENCY
(AUGUST 1983 - SEPTEMBER 1984 SAMPLE)

| | Urban Agencies | | | | Rural Agencies | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Performance Indicator | Fairfax | Newport News | Hampton | Chesapeake | Henry | Grayson | Galax | Carroll | Martinsville | Pittsylvania | Campbell | Total |
| Ever Active | 70.2 | 68.9 | 77.6 | 74.6 | 89.1 | 84.6 | 73.7 | 58.5 | 69.6 | 82.3 | 67.0 | 73.0*** |
| Participated in Job Search | 62.4 | 56.2 | 62.5 | 69.5 | 84.8 | 76.9 | 68.4 | 54.7 | 65.2 | 78.7 | 53.8 | 63.9*** |
| Individual Job Search | 60.2 | 16.2 | 55.2 | 54.6 | 78.3 | 76.9 | 68.4 | 54.7 | 52.2 | 78.0 | 53.8 | 50.6*** |
| Group Job Search Activities | 5.0 | 46.5 | 9.7 | 27.5 | 15.2 | 0.0 | 0.0 | 0.0 | 21.7 | 4.3 | 0.0 | 18.5*** |
| Participated in Work Experience | 11.9 | 9.5 | 19.7 | 16.9 | 0.0 | 11.5 | 21.1 | 5.7 | 4.3 | 2.8 | 5.5 | 11.8*** |
| Participated in Training or Education | 9.2 | 23.0 | 14.3 | 12.2 | 15.2 | 23.1 | 26.3 | 13.2 | 13.0 | 11.3 | 13.2 | 14.6*** |
| Training | 4.0 | 5.7 | 4.2 | 4.7 | 10.9 | 11.5 | 21.1 | 5.7 | 8.7 | 5.7 | 5.5 | 5.3* |
| Education | 5.2 | 17.6 | 10.0 | 7.5 | 4.3 | 11.5 | 5.3 | 7.5 | 4.3 | 5.7 | 7.7 | 9.3*** |
| Deregistered[a] | 48.9 | 28.9 | 34.0 | 50.5 | 32.6 | 46.2 | 57.9 | 49.1 | 65.2 | 29.1 | 33.0 | 39.9*** |
| Due to sanctioning[b] | 7.1 | 1.4 | 3.9 | 5.4 | 6.5 | 11.5 | 15.8 | 1.9 | 13.0 | 1.4 | 0.0 | 4.3[d] |
| Placement Rate[c] | 1.0 | 14.6 | 22.8 | 34.9 | 37.0 | 30.8 | 36.8 | 13.2 | 13.0 | 19.9 | 12.1 | 17.7*** |
| Total Number of Assessed Individuals | 381 | 370 | 259 | 295 | 46 | 26 | 19 | 53 | 23 | 141 | 91 | 1704 |

(continued)

TABLE D.2 (continued)

SOURCE: Calculations from the Virginia Automated Client Information System and from program activity data collected from case file records of a random subsample of experimentals in Fairfax County.

NOTES: Performance indicators are defined as ever assigned to a particular component or status.

Performance indicators are calculated as a percentage of the total persons in the indicated research group in all agencies but Fairfax. In Fairfax County, performance indicators are calculated as a percentage of a random subsample of 183 experimentals whose case files were reviewed. The results from Fairfax County are weighted to equal the total number of Fairfax experimentals in the research sample.

[a] Deregistration is defined as being deregistered according to ESP program records or failing to receive AFDC payments at any time during the nine months following random assignment.

[b] Sanctioning rates are defined as referral for sanctions.

[c] Program placement information is based on employment that is reported to program staff. Program placement data will not be used to measure impacts.

[d] Chi-square test inappropriate due to low expected cell frequencies.

A chi-square test was applied to differences among local agencies. Statistical significance levels are indicated as * = 10 percent; ** = 5 percent; *** = 1 percent.

assignment patterns in Newport News.

## II. Participation in Program Components

### A. Job Search

As was found in the interim report, roughly similar proportions of experimentals from the 11 agencies participated in job search during the longer follow-up period. (See Table D.1.) Interviews with staff suggested that at all of the agencies, staff considered participation in some form of job search to be mandatory. Across agencies, individual job search was used more than group activities. Because of its flexibility and minimal requirements, individual job search was considered a reasonable assignment for all registrants without medical or mental health barriers to participation. Registrants who were working part-time were also sometimes excused.

With the exception of the three-day group orientation that preceded individual job search in Newport News, group job search activities took the form of workshops. Assignment to workshops was generally not mandatory; enrollees who did not wish to participate were often assigned to individual job search.

In contrast to the early implementation period covered in the interim report, three of the agencies serving rural areas were able to provide group job search services during the final year of the evaluation. From July 1984 through June 1985, the agency in Martinsville operated job search workshops under a JTPA contract for a consortium of six local agencies, including two others included in this evaluation, Pittsylvania and Henry. These workshops lasted for two weeks; the first week was devoted to instruction, while portions of the second provided practice in telephoning employers. (See Chapter 3 for a description of the content of the job search services offered through workshops.) The site of the workshops rotated, with each agency served under the contract hosting approximately three workshops over the course of the contract year. If the host agency assigned fewer than about 15 participants to a workshop, then the other agencies were allowed to fill vacant slots with enrollees able to get to the workshops -- either on their own or with the assistance of staff or ESP enrollees who had cars.

In Pittsylvania, only a small proportion of experimentals were assigned to these workshops, but larger proportions participated in Martinsville and Henry County. (See Table D.1.) Since the rural areas did not have public transportation systems, the ability of the enrollees to get to the workshops often determined whether or not they were assigned to this activity.

Staff had to expend a considerable amount of time to find appropriate facilities for the workshops, to make sure enrollees had transportation to them, and to assign an adequate number of enrollees to fill them. An example of the kind of situation which required considerable effort on the part of staff was presented when the host agency did not have adequate facilities for telephoning potential employees; staff had to arrange to bus participants to the Martinsville agency for that part of the workshop.

Although staff believed that workshops provided valuable assistance, few participants subsequently got jobs. Martinsville was unable to meet the placement standard in its JTPA contract (60 percent of all participants) and was not awarded a job search contract for 1985.

## B. Work Experience

The wide variation in the level of participation in work experience found in the interim report is also evident in data now available for the full sample over a longer follow-up period. (See Table D.1.) No experimentals participated in work experience in Henry County, where local government officials were not willing to create work experience positions in county agencies. In addition, by the end of the period covered by the evaluation, staff in Henry County concentrated on developing referrals to education and training activities to prepare enrollees for the service market in the area.

In contrast to Henry County, more than 15 percent of experimentals were assigned to public and private nonprofit agencies in Hampton, Chesapeake and Galax, and the other agencies assigned a smaller proportion of enrollees. Since, according to the ESP model, work experience must follow job search, and, over time, enrollees leave the program for a variety of reasons, the highest rates shown in Table D.1 represent substantial operational achievements.

Several factors contributed to the observed variance in participation in work experience. As was the case for job search, the absence of public transportation systems influenced the low rates of participation in work experience in most of the rural areas. A primary concern of staff in making assignments to work experience was the ability to get to a worksite.

Another factor that accounts for the pattern of participation in work experience was the initial lack of consensus among staff in most of the agencies about the value of work experience for a broad range of recipients. No clear criteria established who would most appropriately be assigned. Desire to maintain good relations with employers in the community also influenced staff, who were concerned that enrollees who had not undertaken the activity voluntarily might perform poorly on the worksites. As the program was implemented, participating enrollees and their supervisors responded positively to this ESP component, leading staff to begin to assign registrants who were hesitant about volunteering. This change occurred faster and was more extensive in agencies which placed more emphasis on consistency in assignment policy than in those which allowed individual ESP Workers more leeway to act according to their own inclinations. Since ESP Workers exercised considerable discretion in all of the agencies, these assignment practices could vary among staff within an agency as well as between agencies.

## III. Education and Training

Rates of assignment to education and training services varied little among the agencies. To the extent that they did, the way in which they varied was contrary to the expected pattern. Especially because enrollment in education and training programs was voluntary, it might have been sensitive to the availability of these resources, which were more limited in the rural areas and in one urban site -- Chesapeake -- than in the other urban areas -- Fairfax, Hampton and Newport News. Yet, experimentals in some of the rural areas -- Grayson and Galax -- participated in training at higher rates than their counterparts in the urban areas. The rural enrollees from Grayson, as well as those from the more urban Newport News and Hampton, were more likely to have taken part in an education program than those in other agencies. Interviews with staff suggest significant factors in explaining these rates of participation: strong encouragement that enrollees take advantage of appropriate opportunities as well as persistent, ongoing efforts to promote cooperative linkages with Job Training Partnership Act (JTPA) service providers and other education and training institutions.

In summary, the extent of participation in post-job-search components depended on local factors such as the availability of public transportation and the degree of emphasis on developing relatively uniform assignment policies.

## IV. Deregistration

The data available for analysis do not permit full explanation of the variation in deregistration. However, data are available for a potentially important reason for deregistration -- sanctioning. People who did not comply with program requirements and did not provide adequate reasons for noncompliance were referred to their eligibility worker for sanctioning (or reduction of their grant). During the three-month period over which the grant of the sanctioned person was reduced, the enrollee was deregistered from the program. Data on referrals for sanctioning indicate that, in most of the agencies, sanctioning did not constitute a major reason for deregistration. Staff reported that the majority of enrollees who at some point did not comply with ESP requirements either provided reasons considered adequate or responded to a warning of possible sanction.

Across agencies, the most frequent reason for noncompliance was failure to keep a succession of assessment or reasssesement appointments. A minority of agency staff indicated in interviews that enrollees were just as likely to be referred for sanctioning because they failed to complete the ESP job search requirements. In interviews, staff at all the agencies reported that they sought to contact enrollees who had not met program requirements and to devote time to resolving problems before recommending sanctions. Nonetheless, the sanctioning rates reported in Table D.1 do vary, reflecting differences in agency policy regarding the value of sanctions as a means of changing behavior, the legitimate reasons for imposing them, and discretion allowed individual staff members.

# APPENDIX E

# APPENDIX E

## THE WORKSITE SURVEY

As indicated in Chapter 3, interviews with a random sample of 47 participants in ESP work experience and their supervisors investigated the types of jobs assigned to participants, the extent to which participants' skills and work habits improved, their level of satisfaction with their assignments, and their beliefs about the fairness of the work-for-benefits approach. These interviews were conducted between March 1984 and February 1985 with a standardized instrument that MDRC designed and is also using in its evaluation of the five other state programs in the Demonstration of State Work/Welfare Initiatives that include a work experience component. Besides Virginia, these programs operated in Arkansas, California, Illinois, Maryland and West Virginia.

As indicated in the interim report, most of the jobs held by the survey participants were entry-level. Almost all were either clerical assignments (29) or service positions (15), which often involved serving food. Descriptions of typical jobs follow:

- DSS clerk: gives out supplies, makes photocopies, stamps documents, collates material.
- Clerk/typist in the chaplain's office of a Veterans Administration hospital: keeps patient files, orders supplies, pays bills.
- School cafeteria helper: washes dishes, helps make sandwiches, serves food, sweeps.
- Escort in a Veterans Administration hospital: takes patients to and from such facilities as the Rehabilitation Center and the X-ray Department.

- Nursing Assistant: makes beds, transports patients to the X-ray Department, takes the temperature and measures the blood pressure of patients.

As shown in Table E.1, entry-level jobs such as these do not require many skills. Supervisors were asked to assess the importance of cognitive and general working skills for the jobs held by participants in work experience. None of the cognitive skills (reading, writing and arithmetic abilities) was considered to be important for any of the jobs assigned to work experience participants in the sample. However, some of the general skills were judged valuable -- with working well without supervision mentioned most by supervisors (by 20) and communicating well cited least (by only 3). As for the importance of the ability to use a variety of tools, simple machines were mentioned most frequently (by 18 supervisors), followed by complex machines (16), simple tools (10) and tools requiring dexterity (3).

In Virginia, the number of skills required for work experience assignments was lower than in the other five states in MDRC's Demonstration of State Work/Welfare Initiatives. In Arkansas -- the state with the highest number of skills required for the assignments -- communicating well and cooperating with co-workers were cited for all the jobs. Even the general skill required the least -- using one's own initiative -- was important in nearly two-thirds of the assignments.

For the limited skills that were required in Virginia, participants were generally already adequate when they began their assignments: in most cases, fewer than six participants were judged inadequate. However, of the 20 participants assigned to positions in which working without supervision

## TABLE E.1

## VIRGINIA

## ADEQUACY OF WORK EXPERIENCE PARTICIPANTS IN SELECTED SKILLS AND WORK HABITS IMPORTANT FOR THEIR JOBS, AT THE START OF THEIR JOBS AND AT TIME OF INTERVIEWS, AS JUDGED BY THEIR WORKSITE SUPERVISORS

| Type of Skill or Work Habit | Number of Work Experience Jobs Where Skill is Important | Number of Participants Who Were:[a] | | |
|---|---|---|---|---|
| | | Adequate or More Than Adequate at Start of Work Experience Job | Inadequate at Start of Work Experience Job | Inadequate at Time of Interview |
| **Cognitive Skills** | | | | |
| Reading/Writing | 0 | -- | -- | -- |
| Arithmetic | 0 | -- | -- | -- |
| **General Skills** | | | | |
| Communicate Well | 3 | 3 | 0 | 0 |
| Cooperate With Co-Workers | 17 | 16 | 1 | 0 |
| Deal With Public | 17 | 13 | 4 | 1 |
| Use Own Initiative | 11 | 6 | 5 | 1 |
| Work Without Supervision | 20 | 9 | 11 | 1 |
| **Ability to Use Tools** | | | | |
| Simple Tools | 10 | 8 | 2 | 0 |
| Tools Requiring Dexterity | 3 | 3 | 0 | 0 |
| Simple Machines | 18 | 7 | 11 | 1 |
| Complex Machines | 16 | 4 | 12 | 1 |
| **Work Habits** | | | | |
| Attendance | N/A | 42 | 5 | 2 |
| Concentrates on Task | N/A | 42 | 5 | 2 |
| Works Quickly | N/A | 34 | 12 | 2[b] |
| Follows Instructions | N/A | 41 | 3 | 1 |
| Calls in Sick | N/A | 42 | 4 | 2[b] |
| Completes Tasks | N/A | 43 | 4 | 1 |
| Learns From Mistakes | N/A | 43 | 4 | 1 |

SOURCE: Interviews conducted by MDRC Field Research staff with the worksite supervisors of a random sample of participants in work experience jobs between March 1984 and February 1985.

NOTES: N/A indicates not applicable because all supervisors were asked to rate the adequacy of the participant.

[a] A total of 47 supervisors were interviewed. Numbers are based only on those jobs where the supervisor indicated that the skill was important. Due to a change in question format, not all supervisors were asked about participant adequacy in all important skills.

[b] Data from one interview is missing for this question.

was an important asset, 11 were considered unsatisfactory at the start of their assignments. Somewhat higher proportions initially had insufficient skills for jobs requiring ability to use machines -- 11 of the 18 participants assigned to positions in which use of simple machines was important, and 12 of the 16 in jobs involving complex machines.

In addition to assessing work skills, supervisors were also asked to judge adequacy in seven work habits which are commonly assumed to apply to most jobs and work settings. For each of these work habits, with the exception of working quickly, fewer than six participants were considered inadequate.

The opportunity for work experience participants to develop skills was limited because the assignments required few skills and because most participants were already adequate in the skills which were important. However, those participants who were initially less than adequate in a skill did meet accceptable standards by the time of the interviews: no more than two participants remained inadequate in any skill or work habit.

Despite the low level of skills required, the assignments were not "make-work," that is, of no importance to the worksites or the participants assigned to them. When supervisors and participants were asked to choose from a series of statements describing the value of the work to the agency, most of the jobs (39) were described as "necessary work." (See Table E.2.)

Participants' responses to the survey revealed a high level of job satisfaction. (See Table E.3.) Thirty-three of the participants strongly agreed that the work would lead to a job with decent wages and 30 strongly disagreed that they had learned nothing new on the job. Finding that this high a proportion of participants felt that they were gaining skills or

# TABLE E.2

## VIRGINIA

## CHARACTERIZATION BY WORKSITE SUPERVISORS AND PARTICIPANTS OF WORK EXPERIENCE JOBS IN TERMS OF IMPORTANCE TO THE AGENCY

| Degree of Importance | Number of Participants |
|---|---|
| Supervisors' Perception | |
| Necessary Work | 39 |
| Work Can Wait, But Eventually Needs to be Done | 2 |
| Helps if Work is Done | 5 |
| Work is Not Particularly Important to Agency | 0 |
| Participants' Perception[a] | |
| Necessary Work | 39 |
| Work Can Wait, But Eventually Needs to be Done | 2 |
| Helps if Work is Done | 4 |
| Work is Not Particularly Important to Agency | 0 |
| Total Number of Sampled Work Experience Participants[a] | 47 |

SOURCE: Interviews conducted by MDRC Field Research Staff with a random sample of participants in work experience jobs between March 1984 and February 1985 and their worksite supervisors.

[a] Total does not add to 47 due to missing response.

TABLE E.3

VIRGINIA

WORK EXPERIENCE PARTICIPANT RESPONSES TO QUESTIONS CONCERNING JOB SATISFACTION AT WORKSITES

| Question | Number of Participants |
|---|---|
| Overall, I like my job. | |
| Strongly Disagree | 2 |
| Somewhat Disagree | 0 |
| Somewhat Agree | 10 |
| Strongly Agree | 35 |
| Generally speaking, how do you feel most days about coming to work here? In other words, most days do you:[a] | |
| Look forward to coming to work? | 40 |
| Not care one way or the other? | 3 |
| Hate the thought of coming to work? | 2 |
| What about your supervisor and other regular employees here -- do you feel they look on you as part of the regular staff?[a] | |
| Yes | 40 |
| No | 1 |
| The kind of work I'm doing will help me to get a decent-paying job later. | |
| Strongly Disagree | 3 |
| Somewhat Disagree | 2 |
| Somewhat Agree | 9 |
| Strongly Agree | 33 |
| I have not learned anything new on this job.[a] | |
| Strongly Disagree | 30 |
| Somewhat Disagree | 4 |
| Somewhat Agree | 8 |
| Strongly Agree | 4 |
| Total Number of Work Experience Participants Interviewed | 47 |

SOURCE: Interviews conducted by MDRC Field Research Staff with a random sample of participants in work experience jobs between March 1984 and February 1985.

NOTE: [a] Distribution does not add to 47 due to missing responses.

experience which would benefit them later is surprising, given the generally low level of skills required and the degree of adequacy in the skills that were considered important. One explanation for this finding may be that, in contrast to the more concrete questions that supervisors were asked about specific skills, the general questions asked of the participants tend to encourage overall positive responses.

Responses to three additional questions revealed overall satisfaction with the assignments. (See Table E.3.) All but two of the participants in work experience said they liked the assignments. To each of the other two questions, 40 participants responded that they looked forward to coming to work and felt the agency staff considered them part of the regular staff.

Most participants responded favorably to working for welfare benefits. (See Table E.4.) Thirty-nine said they were satisfied to receive benefits tied to a job and 27 indicated that they felt better about receiving welfare when they were working for it. Yet, 32 participants thought that given the usefulness of their work and the amount of their benefits, the work experience arrangement was better for the sponsors than for the participants; participants believed their work was worth more than the compensation -- implicitly at the minimum wage. (The required number of work hours was calculated by dividing the welfare grant by the minimum wage.)

Participants were judged to be aware that the program was mandatory if they believed that their grants would be reduced if they did not meet the work requirement, either by refusing to take the job or by quitting it. According to this criterion, the great majority of work experience participants were aware that although their preferences were taken into account in

## TABLE E.4

## VIRGINIA

## WORK EXPERIENCE PARTICIPANT RESPONSES TO QUESTIONS CONCERNING THE FAIRNESS OF A WORK REQUIREMENT IN THE EMPLOYMENT SERVICES PROGRAM

| Question | Number of Participants |
|---|---|
| How satisfied are you about receiving welfare benefits like this - that is, tied to a job, instead of simply receiving your benefits?[a] | |
| Very Satisfied | 18 |
| Somewhat Satisfied | 21 |
| Somewhat Dissatisfied | 3 |
| Not Satisfied at All | 4 |
| I feel better about receiving welfare now that I am working for it.[a] | |
| Strongly Agree | 23 |
| Somewhat Agree | 4 |
| Somewhat Disagree | 3 |
| Strongly Disagree | 14 |
| I'd like to ask you how useful your work is to the agency. Let's say you compare the usefulness of your work to the amount of money you receive in benefits - who would you say probably is getting the better end of the deal: you, or the agency?[a] | |
| Me | 8 |
| Neither One | 4 |
| Agency | 32 |
| Does participant understand that participation is mandatory?[a] | |
| Yes | 34 |
| No | 4 |
| Total Number of Work Experience Participants Interviewed | 47 |

SOURCE: Interviews conducted by MDRC Field Research staff with a random sample of participants in work experience jobs between March 1984 and February 1985.

NOTE: [a] Distribution does not add to 47 due to missing responses.

making assignments to worksites, participation in work experience was mandatory.

# APPENDIX E - FOOTNOTES

1. Besides Virginia, the states in the Demonstration which included a work experience component in their work/welfare initiatives were: Arkansas, California, Illinois, Maryland and West Virginia. For examples of findings on the work experience component in those states, see, Friedlander et al., 1985a; Friedlander et al., 1985b; Goldman et al., 1985b; and Ball, 1984.

# APPENDIX F

## TABLE F.1

## VIRGINIA

## AFDC CONTROLS: EMPLOYMENT AND PROGRAM STATUS AT THE FOURTH QUARTER AFTER RANDOM ASSIGNMENT (AUGUST 1983 - SEPTEMBER 1984 IMPACT SAMPLE)

| Assistance Category And Welfare Status[a] | Employment Status in Quarter Four | | |
|---|---|---|---|
| | Not Employed | Employed | Total |
| AFDC Applicants (%) | | | |
| Never Received Welfare in Quarters 2-4 | 17.8 | 17.7 | 35.5 |
| Ever Received Welfare in Quarters 2-4 | | | |
| Off Welfare by Quarter 4 | 10.8 | 11.8 | 22.6 |
| Still Receiving Welfare in Quarter 4 | 31.8 | 10.1 | 41.9 |
| Total | 60.4 | 39.6 | 100.0 |
| AFDC Recipients (%) | | | |
| Never Received Welfare in Quarters 2-4 | 4.1 | 3.2 | 7.3 |
| Ever Received Welfare in Quarters 2-4 | | | |
| Off Welfare by Quarter 4 | 8.9 | 9.1 | 18.0 |
| Still Receiving Welfare in Quarter 4 | 62.8 | 11.9 | 74.7 |
| Total | 75.8 | 24.2 | 100.0 |
| All AFDC (%) | | | |
| Never Received Welfare in Quarters 2-4 | 9.8 | 9.1 | 18.9 |
| Ever Received Welfare in Quarters 2-4 | | | |
| Off Welfare by Quarter 4 | 9.7 | 10.2 | 19.9 |
| Still Receiving Welfare in Quarter 4 | 50.1 | 11.2 | 61.3 |
| Total | 69.6 | 30.5 | 100.0 |

SOURCE: MDRC calculations from Commonwealth of Virginia Unemployment Insurance earnings records, welfare records from the Virginia Automated Client Information System, and Fairfax County AFDC case files.

NOTES: These data are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members. Due to rounding, there may be some discrepancies in calculating sums and differences.

[a] Monthly welfare data, which count the month of random assignment as "month one," were regrouped into calendar quarters to match UI earnings quarters. Percentages receiving welfare therefore will not match precisely those in other test tables ("Quarter 2") in the next quarter after the quarter of random assignment.

Tests of statistical significance between those employed and those not employed at Quarter 4 were not examined.

TABLE F.2

VIRGINIA

ALL AFDC: IMPACTS OF THE EMPLOYMENT SERVICES PROGRAM, BY TREATMENT
(AUGUST 1983 - SEPTEMBER 1984 IMPACT SAMPLE)

| Outcome and Follow-Up Quarter | All ESP Services | Controls | Difference | Job Search Work Experience | Controls | Difference |
|---|---|---|---|---|---|---|
| Ever Employed, Quarters 2 - 4 (%)[a] | 43.8 | 40.5 | + 3.2* | 43.9 | 40.5 | + 3.4* |
| Average Number of Quarters[a] With Employment, Quarters 2 - 4[a] | 0.96 | 0.85 | + 0.12** | 0.91 | 0.85 | + 0.07 |
| Ever Employed (%) | | | | | | |
| Quarter of Random Assignment | 26.4 | 25.7 | + 0.7 | 28.0 | 25.7 | + 2.3 |
| Quarter 2 | 28.6 | 26.4 | + 2.2 | 28.1 | 26.4 | + 1.7 |
| Quarter 3 | 32.7 | 27.9 | + 4.8*** | 29.8 | 27.9 | + 1.9 |
| Quarter 4 | 35.2 | 30.5 | + 4.7** | 33.5 | 30.5 | + 3.0 |
| Average Total Earnings, Quarters 2 - 4 ($)[a] | 1127.34 | 1038.16 | +89.18 | 1110.65 | 1038.16 | +72.50 |
| Average Total Earnings ($) | | | | | | |
| Quarter of Random Assignment | 217.38 | 224.22 | + 6.84 | 225.25 | 224.22 | + 1.03 |
| Quarter 2 | 279.39 | 284.65 | + 5.26 | 290.10 | 284.65 | + 5.45 |
| Quarter 3 | 387.46 | 346.14 | +41.32 | 373.75 | 346.14 | +27.61 |
| Quarter 4 | 460.50 | 407.37 | +53.12 | 446.81 | 407.37 | +39.44 |
| Ever Received Any AFDC Payments, Quarters 1 - 4 (%) | 85.4 | 86.1 | - 0.7 | 86.6 | 86.1 | + 0.5 |
| Average Number of Months Receiving AFDC Payments, Quarters 2 - 4 | 7.66 | 7.90 | - 0.24 | 7.85 | 7.90 | - 0.04 |
| Ever Received Any AFDC Payment (%) | | | | | | |
| Quarter of Random Assignment | 82.1 | 82.9 | - 0.8 | 83.4 | 82.9 | + 0.5 |
| Quarter 2 | 76.1 | 76.4 | - 0.3 | 76.6 | 76.4 | + 0.2 |
| Quarter 3 | 65.1 | 67.5 | - 2.3 | 66.7 | 67.5 | - 0.8 |
| Quarter 4 | 58.8 | 59.8 | - 1.0 | 60.6 | 59.8 | + 0.8 |
| Average Total AFDC Payments Received, Quarters 1 - 4 ($) | 1889.58 | 2006.90 | -117.33** | 1957.47 | 2006.90 | - 49.43 |
| Average AFDC Payments Received ($) | | | | | | |
| Quarter of Random Assignment | 533.56 | 551.48 | - 17.92 | 551.03 | 551.48 | - 0.45 |
| Quarter 2 | 515.61 | 546.72 | - 31.11** | 529.54 | 546.72 | - 17.18 |
| Quarter 3 | 438.04 | 478.32 | - 40.28*** | 458.00 | 478.32 | - 20.32 |
| Quarter 4 | 402.37 | 430.38 | - 28.01* | 418.90 | 430.38 | - 11.48 |
| Sample Size | 1077 | 1044 | | 1061 | 1044 | |

(continued)

TABLE F.2 (continued)

SOURCE: MDRC calculations from Commonwealth of Virginia Unemployment Insurance earnings records, welfare records from the Virginia Automated Client Information System, and Fairfax County AFDC case files.

NOTES: These data include zero values for sample members not employed and for sample members not receiving welfare. These data are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members. Due to rounding, there may be some discrepancies in calculating sums and differences.

The quarter of random assignment refers to the calendar quarter during which an individual entered the sample for employment and earnings data. For AFDC payments, the quarter of random assignment refers to the three months beginning with the month of random assignment.

[a] Quarter 1, the quarter of random assignment, may contain some earnings from the period prior to random assignment and is therefore excluded from measures of total follow-up for employment and earnings.

A two-tailed t-test was applied to experimental-control differences. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; *** = 1 percent.

Differences between impacts were not significant at the 10 percent level using a two-tailed t-test.

TABLE F.3

VIRGINIA

AFDC APPLICANTS: IMPACTS OF THE EMPLOYMENT SERVICES PROGRAM, BY TREATMENT
(AUGUST 1983 - SEPTEMBER 1984 IMPACT SAMPLE)

| Outcome and Follow-Up Quarter | All ESP Services | Controls | Difference | Job Search Work Experience | Controls | Difference |
|---|---|---|---|---|---|---|
| Ever Employed, Quarters 2 - 4 [%] | 58.8 | 54.1 | + 4.7 | 60.2 | 54.1 | + 6.1* |
| Average Number of Months with Employment, Quarters 2 - 4 | 1.36 | 1.17 | + 0.19** | 1.28 | 1.17 | + 0.11 |
| Ever Employed [%] | | | | | | |
| Quarter of Random Assignment | 44.5 | 47.1 | - 2.6 | 46.9 | 47.1 | - 0.2 |
| Quarter 2 | 41.7 | 39.3 | + 2.4 | 40.9 | 39.3 | + 1.5 |
| Quarter 3 | 46.2 | 37.8 | + 8.3*** | 41.6 | 37.8 | + 3.8 |
| Quarter 4 | 47.9 | 39.6 | + 8.3** | 45.7 | 39.6 | + 6.0* |
| Average Total Earnings, Quarters 2 - 4 [$] | 1606.35 | 1504.58 | +101.77 | 1659.16 | 1504.58 | +154.58 |
| Average Total Earnings [$] | | | | | | |
| Quarter of Random Assignment | 397.76 | 443.33 | - 45.58 | 388.19 | 443.33 | - 55.14 |
| Quarter 2 | 408.36 | 452.60 | - 44.24 | 439.12 | 452.60 | - 13.48 |
| Quarter 3 | 558.61 | 492.70 | + 65.91 | 565.39 | 492.70 | + 72.69 |
| Quarter 4 | 639.38 | 559.29 | + 80.09 | 654.65 | 559.29 | + 95.36 |
| Ever Received Any AFDC Payments, Quarters 1 - 4 [%] | 69.5 | 69.2 | + 0.3 | 69.1 | 69.2 | - 0.1 |
| Average Number of Months Receiving AFDC Payments, Quarters 1 - 4 | 5.00 | 5.10 | - 0.10 | 4.91 | 5.10 | - 0.19 |
| Ever Received Any AFDC Payment [%] | | | | | | |
| Quarter of Random Assignment | 61.6 | 61.3 | + 0.3 | 61.9 | 61.3 | + 0.6 |
| Quarter 2 | 59.2 | 56.2 | + 3.0 | 58.0 | 56.2 | + 1.8 |
| Quarter 3 | 45.4 | 45.7 | - 0.4 | 44.0 | 45.7 | - 1.7 |
| Quarter 4 | 38.6 | 40.2 | - 1.5 | 36.9 | 40.2 | - 3.2 |
| Average Total AFDC Payments Received, Quarters 1 - 4 [$] | 1204.05 | 1277.67 | - 73.62 | 1200.75 | 1277.67 | - 76.93 |
| Average AFDC Payments Received [$] | | | | | | |
| Quarter of Random Assignment | 311.78 | 314.51 | - 2.73 | 320.07 | 314.51 | + 5.56 |
| Quarter 2 | 368.80 | 384.69 | - 15.89 | 370.75 | 384.69 | - 13.94 |
| Quarter 3 | 277.13 | 307.77 | - 30.64 | 272.53 | 307.77 | - 35.24 |
| Quarter 4 | 246.33 | 270.70 | - 24.37 | 237.40 | 270.70 | - 33.30 |
| Sample Size | 443 | 428 | | 414 | 428 | |

SOURCE AND NOTES: See Table F.2.

## TABLE F.4

## VIRGINIA

## AFDC RECIPIENTS: IMPACTS OF THE EMPLOYMENT SERVICES PROGRAM, BY TREATMENT (AUGUST 1983 - SEPTEMBER 1984 IMPACT SAMPLE)

| Outcome and Follow-Up Quarter | All ESP Services | Controls | Difference | Job Search Work Experience | Controls | Difference |
|---|---|---|---|---|---|---|
| Ever Employed, Quarters 2 - 4 (%) | 33.7 | 31.1 | + 2.6 | 33.0 | 31.1 | + 1.9 |
| Average Number of Months With Employment, Quarters 2 - 4 | 0.70 | 0.62 | + 0.08 | 0.67 | 0.62 | + 0.04 |
| Ever Employed (%) | | | | | | |
| Quarter of Random Assignment | 14.2 | 11.3 | + 2.9* | 15.2 | 11.3 | + 3.9** |
| Quarter 2 | 19.9 | 17.4 | + 2.5 | 19.5 | 17.4 | + 2.1 |
| Quarter 3 | 23.7 | 20.9 | + 2.8 | 21.9 | 20.9 | + 1.0 |
| Quarter 4 | 26.7 | 24.2 | + 2.5 | 25.3 | 24.2 | + 1.2 |
| Average Total Earnings, Quarters 2 - 4 ($) | 811.92 | 713.73 | + 98.18 | 741.12 | 713.73 | + 27.39 |
| Average Total Earnings ($) | | | | | | |
| Quarter of Random Assignment | 94.60 | 77.53 | + 17.06 | 112.52 | 77.53 | + 34.98* |
| Quarter 2 | 195.95 | 168.40 | + 27.56 | 187.77 | 168.40 | + 19.37 |
| Quarter 3 | 275.59 | 241.83 | + 33.77 | 245.90 | 241.83 | + 4.08 |
| Quarter 4 | 340.37 | 303.51 | + 36.86 | 307.45 | 303.51 | + 3.94 |
| Ever Received Any AFDC Payments, Quarters 1 - 4 (%) | 96.1 | 97.8 | - 1.7* | 98.4 | 97.8 | + 0.6yyy |
| Average Number of Months Receiving AFDC Payments, Quarters 1 - 4 | 9.44 | 9.81 | - 0.37** | 9.80 | 9.81 | - 0.01yy |
| Ever Received any AFDC Payment (%) | | | | | | |
| Quarter of Random Assignment | 95.9 | 97.6 | - 1.7* | 97.9 | 97.6 | + 0.3yy |
| Quarter 2 | 87.3 | 90.3 | - 2.9* | 89.1 | 90.3 | - 1.2 |
| Quarter 3 | 78.3 | 82.4 | - 4.2* | 81.9 | 82.4 | - 0.5y |
| Quarter 4 | 72.4 | 73.2 | - 0.8 | 76.4 | 73.2 | + 3.2y |
| Average Total AFDC Payments Received, Quarters 1 - 4 ($) | 2351.69 | 2508.92 | -157.23*** | 2462.66 | 2508.92 | - 46.26y |
| Average AFDC Payments Received ($) | | | | | | |
| Quarter of Random Assignment | 684.31 | 712.85 | - 28.54** | 706.04 | 712.85 | - 6.81y |
| Quarter 2 | 614.31 | 658.39 | - 44.08*** | 635.81 | 658.39 | - 22.57 |
| Quarter 3 | 545.86 | 596.36 | - 50.50*** | 581.64 | 596.36 | - 14.72y |
| Quarter 4 | 507.21 | 541.32 | - 34.11* | 539.16 | 541.32 | - 2.16 |
| Sample Size | 834 | 616 | | 647 | 616 | |

(continued)

TABLE F.4 (continued)

SOURCE: MDRC calculations from Commonwealth of Virginia Unemployment Insurance earnings records, welfare records from the Virginia Automated Client Information System, and Fairfax County AFDC cased files.

NOTES: These data include zero values for sample members not employed and for sample members not receiving welfare. These data are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members. Due to rounding, there may be some discrepancies in calculating sums and differences.

The Quarter of random assignment refers to the quarter during which an individual entered the sample for employment and earnings data. For AFDC payments, the quarter of random assignment refers to the three months beginning with the month of random assignment.

[a] Quarter 1, the quarter of random assignment, may contain some earnings from the period prior to random assignment and is therefore excluded from measures of total follow-up for employment and earnings.

A two-tailed t-test was applied to experimental-control differences. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; *** = 1 percent.

A two-tailed t-test was applied to differences in impacts between treatments. Statistical significance levels are indicated as: y = 10 percent; yy = 5 percent; yyy = 1 percent.

## TABLE F.5

## VIRGINIA

## AFDC APPLICANTS: IMPACTS ON EARNINGS AND AFDC PAYMENTS IN PROJECTION BASE PERIOD[a], BY PERIOD OF RANDOM ASSIGNMENT (AUGUST 1983 - SEPTEMBER 1984 IMPACT SAMPLE)

| Outcomes for Last Two Follow-up Quarters | Quarter of Random Assignment | | | | | |
|---|---|---|---|---|---|---|
| | August - September 1983 | October - December 1983 | January - March 1984 | April - June 1984 | July - September 1984 | Full Sample |
| Average Earnings ($) | -192.78 | 271.93 | 318.99 | 167.74 | 205.71 | 223.43 |
| Average AFDC Payments ($) | -88.24 | -85.98 | -72.60 | -11.58 | 27.98 | -43.17 |
| Sample Size | 68 | 345 | 331 | 276 | 265 | 1285 |

SOURCE: MDRC calculations from Commonwealth of Virginia welfare and Unemployment Insurance earnings records.

NOTES: [a]Projection Base Period refers to the last two quarters of AFDC payments and Unemployment Insurance earnings data available for each individual. This refers to Quarters 7 and 8 for earnings and 8 and 9 for AFDC payments for those randomly assigned between August and September 1983; Quarters 6 and 7 for earnings and 7 and 8 for AFDC payments for those randomly assigned between October and December 1983; Quarters 5 and 6 for earnings and 6 and 7 for AFDC payments for those randomly assigned between January and March 1984; Quarters 4 and 5 for earnings and 5 and 6 for AFDC payments for those randomly assigned between April and June 1984; and Quarters 3 and 4 for earnings and 4 and 5 for AFDC payments for those randomly assigned between July and September 1984.

These data include zero values for sample members not employed and for sample members not receiving welfare. These data are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

None of the differences between experimental and control groups were found to be statistically significant at the 10 percent level using a two-tailed t-test.

## TABLE F.8

## VIRGINIA

## AFDC RECIPIENTS: IMPACTS ON EARNINGS AND AFDC PAYMENTS IN PROJECTION BASE PERIOD[a], BY PERIOD OF RANDOM ASSIGNMENT (AUGUST 1983 - SEPTEMBER 1984 IMPACT SAMPLE)

| Outcomes for Last Two Follow-up Quarters | Quarter of Random Assignment | | | | | Full Sample |
|---|---|---|---|---|---|---|
| | August - September 1983 | October - December 1983 | January - March 1984 | April - June 1984 | July - September 1984 | |
| Average Earnings ($) | 161.23 | 158.84 | 154.96 | -67.75 | -74.86 | 117.24 |
| Average AFDC Payments ($) | -108.41 | 0.99 | -19.13 | -18.03 | 2.36 | -24.12 |
| Sample Size | 309 | 773 | 475 | 232 | 108 | 1897 |

SOURCE AND NOTES: See Table F.5.

TABLE F.7

VIRGINIA

AFDC APPLICANTS: ESTIMATED REGRESSION COEFFICIENTS FOR TWELVE-MONTH FOLLOW-UP, SELECTED EMPLOYMENT AND WELFARE MEASURES
(AUGUST 1983 - SEPTEMBER 1984 IMPACT SAMPLE)

| Variable | Ever Employed in Quarter 4 | Earnings in Quarter 4 | AFDC Receipt in Quarter 4 | Total AFDC Payments in Quarter 4 |
|---|---|---|---|---|
| Experimental Group Member | + 7.2**<br>(2.8) | + 87.47<br>(55.23) | - 2.4<br>(2.8) | - 28.69<br>(20.42) |
| Rural | - 3.5<br>(3.4) | - 67.23<br>(65.91) | + 5.1<br>(3.4) | - 17.43<br>(24.37) |
| Age 18-24 Years | +16.2<br>(14.5) | +268.52<br>(284.84) | - 5.9<br>(14.5) | - 63.90<br>(105.32) |
| Age 25-34 Years | +26.2*<br>(13.8) | +500.65*<br>(271.90) | -24.7*<br>(13.8) | -214.28**<br>(100.54) |
| Age 35 Years or More | +21.8<br>(13.9) | +535.25*<br>(273.91) | -24.3*<br>(13.9) | -221.53**<br>(101.28) |
| Non-White | - 2.3<br>(3.0) | - 99.72*<br>(58.07) | +10.9***<br>(3.0) | + 62.46***<br>(21.47) |
| High School Diploma or Equivalent | +10.1***<br>(2.7) | +142.56***<br>(53.81) | - 2.5<br>(2.7) | - 14.49<br>(19.90) |
| Married, Widowed or Divorced | - 2.1<br>(3.4) | -117.77*<br>(67.67) | - 4.9<br>(3.4) | - 63.89**<br>(25.02) |
| Number of Children Less than 18 Years Old | + 2.5<br>(3.1) | + 5.61<br>(60.69) | + 8.0***<br>(3.1) | + 88.86***<br>(22.44) |
| One Child | - 6.0<br>(7.7) | -230.75<br>(151.66) | +15.9**<br>(7.7) | +116.34**<br>(56.08) |
| Two Children | - 7.3<br>(5.4) | -129.28<br>(106.22) | +10.4*<br>(5.4) | + 88.46**<br>(39.28) |
| On AFDC Two Years or Less | - 4.7<br>(3.6) | -137.15**<br>(69.88) | + 5.6<br>(3.6) | + 37.66<br>(25.84) |
| On AFDC More Than Two Years | - 4.5<br>(3.5) | -188.60***<br>(68.10) | +17.3***<br>(3.5) | + 99.16***<br>(25.18) |

(continued)

TABLE F.7 (continued)

| Variable | Ever Employed in Quarter 4 | Earnings in Quarter 4 | AFDC Receipt in Quarter 4 | Total AFDC Payments in Quarter 4 |
|---|---|---|---|---|
| Held a Job at Any Time During Four Quarters Prior to Random Assignment | +18.3***<br>(3.3) | +249.39***<br>(64.01) | - 1.7<br>(3.3) | + 20.68<br>(23.67) |
| Earnings Greater than $3000 in Four Quarters Prior to Random Assignment[a] | +12.9***<br>(3.5) | +465.21***<br>(69.34) | - 4.6<br>(3.5) | - 37.38<br>(25.64) |

SOURCE: MDRC calculations from Commonwealth of Virginia Unemployment Insurance earnings records, welfare records from the Virginia Automated Client Information System, and Fairfax County AFDC case files.

NOTES: The experimentals are comprised of both Job Search-Work Experience and all ESP Services research groups.

Sample sizes for the AFDC Applicants are as follows: 857 Experimentals and 428 Controls.

Regressions presented in this table correspond to impact estimates presented in Table 4.3.

Estimated standard errors are in parentheses. Levels of statistical significance: * = 10 percent; ** = 5 percent; *** = 1 percent.

These data include zero values for sample members not employed and for sample members not receiving welfare. All regression estimates are by ordinary least squares.

## TABLE F.8

## VIRGINIA

## AFDC RECIPIENTS: ESTIMATED REGRESSION COEFFICIENTS FOR TWELVE-MONTH FOLLOW-UP, SELECTED EMPLOYMENT AND WELFARE MEASURES (AUGUST 1983 - SEPTEMBER 1984 IMPACT SAMPLE)

| Variable | Ever Employed in Quarter 4 | Earnings in Quarter 4 | AFDC Receipt in Quarter 4 | Total AFDC Payments in Quarter 4 |
|---|---|---|---|---|
| Experimental Group Member | + 1.8<br>(2.0) | + 20.18<br>(38.21) | + 1.2<br>(2.1) | - 17.92<br>(17.51) |
| Rural | - 5.9**<br>(2.4) | - 70.52<br>(45.86) | + 5.6**<br>(2.5) | - 49.75**<br>(21.01) |
| Age 18-24 Years | + 8.7<br>(11.1) | - 63.33<br>(209.25) | +18.3<br>(11.4) | +146.10<br>(95.88) |
| Age 25-34 Years | + 3.7<br>(10.6) | - 45.20<br>(199.64) | +21.4*<br>(10.9) | +189.19**<br>(91.48) |
| Age 35 Years or More | - 1.5<br>(10.6) | -122.15<br>(199.79) | +20.1*<br>(10.9) | +159.72*<br>(91.55) |
| Non-White | + 0.7<br>(2.3) | - 10.95<br>(43.56) | +11.6***<br>(2.4) | + 62.59**<br>(19.96) |
| High School Diploma or or Equivalent | + 7.8***<br>(2.0) | +107.13***<br>(37.96) | - 3.1<br>(2.1) | - 26.74<br>(17.40) |
| Married, Widowed or Divorced | + 3.0<br>(2.3) | + 76.03*<br>(42.83) | -10.4***<br>(2.3) | - 88.07***<br>(19.63) |
| Number of Children Less than 18 Years Old | - 3.8**<br>(1.9) | - 48.85<br>(35.27) | + 3.1<br>(1.9) | + 87.75***<br>(16.16) |
| One Child | -10.3**<br>(5.2) | - 52.84<br>(87.56) | - 2.2<br>(5.3) | - 24.76<br>(44.71) |
| Two Children | - 8.9**<br>(3.7) | - 57.82<br>(70.31) | + 2.1<br>(3.8) | + 6.09<br>(32.22) |
| On AFDC Two Years or Less | +10.2<br>(9.5) | +203.27<br>(178.85) | + 4.9<br>(9.7) | -154.54*<br>(81.95) |
| On AFDC More Than Two Years | + 8.3<br>(9.4) | +135.15<br>(176.85) | +13.1<br>(9.6) | - 85.25<br>(81.04) |

(continued)

TABLE F.8 (continued)

| Variable | Ever Employed in Quarter 4 | Earnings in Quarter 4 | AFDC Receipt in Quarter 4 | Total AFDC Payments in Quarter 4 |
|---|---|---|---|---|
| Held a Job at Any Time During Four Quarters Prior to Random Assignment | +25.9***<br>(2.5) | +288.70***<br>(46.34) | -11.6***<br>(2.4) | - 95.88***<br>(21.23) |
| Earnings Greater than $3000 in Four Quarters Prior to Random Assignment[a] | +11.3**<br>(5.7) | +767.50***<br>(107.08) | -15.5***<br>(5.8) | - 83.50*<br>(49.07) |

SOURCE: MDRC calculations from Commonwealth of Virginia Unemployment Insurance earnings records, welfare records from the Virginia Automated Client Information System, and Fairfax County AFDC case files.

NOTES: The experimentals are comprised of both Job Search-Work Experience and all ESP Services research groups.

Sample sizes for the AFDC Recipients are as follows: 1281 Experimentals and 616 Controls.

Regressions presented in this table correspond to impact estimates presented in Table 4.5.

Estimated standard errors are in parentheses. Levels of statistical significance: * = 10 percent; ** = 5 percent; *** = 1 percent.

These data include zero values for sample members not employed and for sample members not receiving welfare. All regression estimates are by ordinary least squares.

# APPENDIX G

## TABLE 6.1

## VIRGINIA

## EXPERIMENTAL - CONTROL DIFFERENCES IN PROGRAM EFFECTS PER EXPERIMENTAL DURING THE OBSERVATION PERIOD, EXTRAPOLATION PERIOD, AND AT FIVE YEARS AFTER RANDOM ASSIGNMENT

## ESTIMATES FOR APPLICANTS

| | Observation Period | | | |
|---|---|---|---|---|
| Outcome Variable | Common Follow-up[a] | Additional Follow-up[b] | Extrapolation Period[c] | Five Year Total[d] |
| Earnings | $127 | $216 | $1020 to $1497 | $1363 to $1840 |
| Fringe Benefits | 23 | 39 | 184 to 269 | 246 to 331 |
| Tax Payments | 15 | 28 | 137 to 201 | 180 to 244 |
| AFDC Payments | -75 | -70 | -193 to -277 | -338 to -422 |
| Other Transfer Payments[e] | 24 | -29 | -148 to -210 | -153 to -215 |
| Transfer Program Administration[f] | - 4 | -19 | -65 to -95 | -88 to -118 |

SOURCE: MDRC calculations from Unemployment Insurance earnings and payments records; AFDC payments records; and published and unpublished data on tax rates, employee fringe benefits, and administrative costs for AFDC, Medicaid, Food Stamps and Unemployment Insurance.

NOTES: The results are based on a sample of 857 applicant experimentals and 428 applicant controls, and are expressed in 1984 dollars. The differences are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

[a] The common follow-up period covers quarters 2 through 4 for earnings, fringe benefits and tax payments, and quarters 1 through 4 for AFDC payments, Medicaid, Food Stamps, Unemployment Insurance payments and administrative costs.

[b] The additional follow-up period covers all the available follow-up quarters after quarter 4. The number of additional follow-up quarters depends on each sample member's date of random assignment.

[c] Estimates reflect alternative assumptions about the change in impacts after data collecton ended. The first number of each range assumes that program effects decline by 22 percent per year during the extrapolation period; the second number assumes no decay or increase.

[d] The five year totals are the sum of the estimated effects during the observation and extrapolation periods.

[e] Includes Medicaid, Food Stamps and Unemployment Insurance.

[f] Includes administrative costs for AFDC, Medicaid, Food Stamps and Unemployment Insurance.

## TABLE G.2

## VIRGINIA

## EXPERIMENTAL - CONTROL DIFFERENCES IN PROGRAM EFFECTS PER EXPERIMENTAL DURING THE OBSERVATION PERIOD, EXTRAPOLATION PERIOD, AND AT FIVE YEARS AFTER RANDOM ASSIGNMENT

### ESTIMATES FOR RECIPIENTS

| | Observation Period | | | |
|---|---|---|---|---|
| Outcome Variable | Common Follow-up[a] | Additional Follow-up[b] | Extrapolation Period[c] | Five Year Total[d] |
| Earnings | $62 | $137 | $607 to $876 | $806 to $1075 |
| Fringe Benefits | 11 | 25 | 109 to 158 | 145 to 194 |
| Tax Payments | 11 | 21 | 101 to 146 | 133 to 178 |
| AFDC Payments | -101 | -27 | -150 to -214 | -278 to -342 |
| Other Transfer Payments[e] | 8 | -19 | -71 to -102 | -82 to -113 |
| Transfer Program Administration[f] | - 8 | 2 | -20 to -28 | -26 to -34 |

SOURCE: MDRC calculations from Unemployment Insurance earnings and payments records; AFDC payments records; and published and unpublished data on tax rates, employee fringe benefits, and administrative costs for AFDC, Medicaid, Food Stamps and Unemployment Insurance.

NOTES: The results are based on a sample of 1281 recipient experimentals and 616 recipient controls, and are expressed in 1984 dollars. The differences are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

[a] The common follow-up period covers quarters 2 through 4 for earnings, fringe benefits and tax payments, and quarters 1 through 4 for AFDC payments, Medicaid, Food Stamps, Unemployment Insurance payments and administrative costs.

[b] The additional follow-up period covers all the available follow-up quarters after quarter 4. The number of additional follow-up quarters depends on each sample member's date of random assignment.

[c] Estimates reflect alternative assumptions about the change in impacts after data collecton ended. The first number of each range assumes that program effects decline by 22 percent per year during the extrapolation period; the second number assumes no decay or increase.

[d] The five year totals are the sum of the estimated effects during the observation and extrapolation periods.

[e] Includes Medicaid, Food Stamps and Unemployment Insurance.

[f] Includes administrative costs for AFDC, Medicaid, Food Stamps and Unemployment Insurance.

## TABLE G.3

## VIRGINIA

## ESTIMATED BENEFITS AND LOSSES PER EXPERIMENTAL AFTER FIVE YEARS, BY PERSPECTIVE

## ESTIMATES FOR THE FULL SAMPLE

| | Perspective | | |
|---|---|---|---|
| Component of Analysis | Welfare Sample | Taxpayer | Society |
| Increased Earnings and Fringe Benefits | $1179 to $1581 | $0 | $1179 to $1581 |
| Increased Tax Payments | -149 to -201 | 149 to 201 | 0 |
| Reduced Transfer Payments | -390 to -499 | 390 to 499 | 0 |
| Reduced Transfer Administration | 0 | 50 to 66 | 50 to 66 |
| Increased In-Program Output | 0 | 104 | 104 |
| ESP Operating Costs | 0 | -388 | -388 |
| Support Service Costs | 24 | -24 | 0 |
| Community Education and Training Costs | 0 | -18 | -18 |
| Net Gain or Loss | 664 to 905 | 263 to 440 | 927 to 1345 |

SOURCE: MDRC calculations from VACIS and other program activity data; JTPA information systems data and fiscal records; attendance and fiscal data from local public schools and community colleges; MDRC worksite survey; Unemployment Insurance earnings and payments records; AFDC payments records; ESP and Department of Social Services fiscal records; MDRC study of ESP staff time allocation; and published and unpublished data on tax rates, employee fringe benefits, and administrative costs for AFDC, Medicaid, Food Stamps, and Unemployment Insurance.

NOTES: Costs were estimated for the same five year period as benefits although most costs were incurred in the first year after random assignment.

Within each perspective, positive numbers indicate gains to that group and negative numbers indicate losses.

Results are expressed in 1984 dollars. The total sample includes 2138 experimentals and 1044 controls.

For benefits other than in-program output, estimates reflect alternative assumptions about the change in impacts after data collection ended. The first number of each range assumes that program effects decline by 22 percent per year during the extrapolation period; the second number assumes no decay or increase.

## TABLE G.4

## VIRGINIA

## ESTIMATED NET GAIN OR LOSS PER EXPERIMENTAL DURING THE OBSERVATION PERIOD, BY WELFARE STATUS AND PERSPECTIVE

| | Perspective | | | |
|---|---|---|---|---|
| Welfare Status | Welfare Sample | Budget | Taxpayer | Society |
| Full Sample | $150 | $-248 | $-144 | $6 |
| Applicants | 232 | -37 | 4 | 236 |
| Recipients | 91 | -371 | -226 | -135 |

SOURCE: MDRC calculations from VACIS and other program activity data; JTPA information systems data and fiscal records; attendance and fiscal data from local public schools and community colleges; MDRC worksite survey; Unemployment Insurance earnings and payments records; AFDC payments records; ESP and Department of Social Services fiscal records; MDRC study of ESP staff time allocation; and published and unpublished data on tax rates, employee fringe benefits, and administrative costs for AFDC, Medicaid, Food Stamps, and Unemployment Insurance.

NOTES: Within each perspective, positive numbers indicate gains to that group and negative numbers indicate losses.

Results are expressed in 1984 dollars. The full sample includes 2138 experimentals and 1044 controls [1285 applicants, 1897 recipients].

Estimates reflect alternative assumptions about the change in program effects after data collection ended. The first number of each range assumes that program effects decline by 22 percent per year during the extrapolation period; the second number assumes no decay or increase.

# FOOTNOTES

## CHAPTER 1

1. In Virginia and in this report, AFDC refers to the program for families headed by a single parent, usually a woman. The state does not have an AFDC-U program for two-parent families in which the principal earner is unemployed and in which the majority of cases are headed by married men. Therefore, the AFDC welfare population in Virginia is primarily women.

2. Congress authorized creation of the WIN Program in 1967 as an employment and training program for AFDC recipients. The program was jointly administered by the U.S. Department of Labor and the then U.S. Department of Health, Education and Welfare (now Health and Human Services). Initially conceived as a voluntary program to provide support, training, education and counseling services, the program has required since 1971 that (with certain exceptions) applicants for and recipients of AFDC register with WIN in order to receive AFDC benefits. (In the terminology of the welfare system, these individuals required to register with WIN are often called "WIN-mandatory.") Further, once on AFDC, a WIN registrant who is found employable -- and for whom adequate social services such as child care are provided -- can be required to accept an offered job or placement or be sanctioned: i.e., have his/her AFDC grant reduced for a specified period of time. The emphasis of the program has shifted since its inception from longer-term employability development and training to immediate job placement.

3. AFDC recipients are judged WIN-mandatory unless they meet one of a number of conditions conferring an exemption from the program. As described in the WIN Handbook, these are individuals who are:

   1. under 16 years old
   2. enrolled full-time in school and under 21 years
   3. sick, as determined by the income maintenance unit
   4. incapacitated, as determined by the income maintenance unit
   5. 65 years old or older
   6. living in a remote area: located two hours or more away from a WIN office
   7. a caretaker of a sick person
   8. a mother of a child under six years of age

   (In Virginia, however, the age limit has been dropped to five years of age, because the WIN Handbook allows WIN-mandatory status to be conferred on parents who are away from their children for more than brief or infrequent periods, and the state mandates kindergarten attendance, which puts parents in this position.)

4. One reason DSS planners wanted a statewide program was their practice in the past of operating initiatives on this scale. A second reason was that, in Virginia, a Work Rule requires that in

the absence of the WIN Program, all AFDC applicants and recipients meeting the criteria for WIN-mandatory status register with the State Employment Commission for work. DSS officials preferred introducing the WIN Demonstration Program into all of the local agencies to this option. For a more detailed discussion of the ESP background, see Price, 1985.

5. Because the research design excluded men from the study sample, this report often refers to ESP enrollees as women. (See Chapter 2 for a discussion of eligibility requirements for the sample.)

6. The requirement to operate work experience programs was articulated in state legislation of the 1970s. Education and training activities were added to the program model in response to strong sentiment voiced by several public officials at legislative hearings on ESP.

7. At this point, they became ESP "enrollees." Throughout this report, this term refers to all individuals registered with ESP.

8. This report refers throughout to "applicants" and "recipients," using the terms to indicate whether people were applying for welfare or receiving it at the point of entry into the research sample. In fact, many people referred to as "applicants" began receiving welfare shortly after they joined the sample.

9. Details of the criteria for selecting agencies to participate in the research are contained in the evaluation proposal. They include: willingness to participate in an evaluation based on an experimental design; geographical location and population density (urban/rural); size of the WIN-mandatory AFDC caseload; service or slot availability for the job search and work experience components; and ease of access to key data on program participation, AFDC payments and information on the cost of providing ESP services. Interest in the research was a very important factor. The state invited a number of agencies to participate, and among these agencies, willingness to join the evaluation was a primary consideration.

10. These two research groups were later combined. See Chapter 2.

## CHAPTER 2

1. See Footnote 3 in Chapter 1.

2. WIN-mandatory status is not conferred on mothers of children under six years of age who personally provide full-time care with only brief and infrequent absences from their children. However, in Virginia, attendance at kindergarten is mandatory, and state

regulations specify that mothers of five-year-olds should be considered WIN-mandatory.

3. Bane and Ellwood, 1983.

4. Over 41 percent of the members of the control group in this study were employed at some point during the first year following random assignment and about the same percentage were off welfare by the end of this period.

5. In this study, the impact analysis compared all members of the control group to all members of the combined experimental/control groups -- both program participants and nonparticipants. If participants alone had been studied, it would have been necessary to single out, within the control group, a similar subgroup of individuals who would have participated if the program had been available to them. This is virtually impossible, since so many unmeasured characteristics, such as motivation and situational circumstances, are usually related to participation. Thus, the research analysis cannot break out the participant groups for separate analysis.

6. The dependent variables consisted of a series of quarterly and cumulative measures of employment, earnings and AFDC receipt. The independent variables consisted of one representing membership in the experimental group, along with a series of control variables representing demographic characteristics that were likely to influence employment, earnings, or welfare receipt of experimentals and controls alike. The independent variables were entered into the regression equations simultaneously.

   This procedure permitted a reliable estimation of the experimental/control differences in the values of impact measures that were directly associated with exposure of the members of the experimental group to ESP. The regression coefficient associated with the variable for membership in the experimental group represented the experimental/control difference. For each measure of program impact, a two-tailed t-test was performed to determine whether experimental/control differences were statistically significant.

7. In many other work/welfare programs, registration includes assessment for services. ESP assesses enrollees at a later point.

8. Based on computer-generated random numbers, the research codes were distributed separately for each office in order to maintain a representative distribution of individuals in each of the three research groups. MDRC kept lists of all individuals in order to avoid assigning people more than once.

9. Henry County also phased in enrollees quickly: 22 percent of its

caseload was randomly assigned during these months, but that percentage represents only 19 women.

10. See Footnote 2.

11. Table 2.2 indicates that the percentage of individuals screened out by agency staff members varied from 30 percent in the rural areas to 54 percent in Chesapeake. These differences reflect agency variation in the proportion of people excluded for different reasons. Table A.1 particularly shows the large proportion of women who were WIN-mandatory whose youngest child was under six. This group mostly contained people already in training or mothers with five-year-old children, who were likely to be in kindergarten.

12. The Job Search-Work Experience group did have a somewhat lower employment rate and earnings average for the year prior to random assignment than did the other two experimental groups. The regression-adjustment procedure employed in this study, aside from increasing the precision of estimation, controls for the few small but statistically significant differences among research groups that generally occur with random assignment. Baseline characteristics used for adjustment include prior work history, education, and prior welfare receipt. It is always possible, of course, that individuals in the research groups may vary according to any number of unmeasured characteristics (such as motivation or adaptability to new situations). However, the random assignment process generally results in an unbiased distribution of individuals who vary according to these unmeasured characteristics.

13. It is also interesting to note that, among controls, 54 percent of the applicants, but only 32.5 percent of the recipients found employment from the second through the fourth quarters following random assignment. Nearly 98 percent of the recipient controls, but only 68 percent of the applicant controls, received welfare at some time during the 12 months following random assignment.

14. A quality control check revealed that data on welfare payments in VACIS underestimated slightly (on average by $1.88) the actual value of enrollees' welfare grants. See Appendix B on Quality Control. Since this discrepancy is within the range usually found in quality control checks of state information systems in MDRC studies of WIN Demonstration projects, the payments data were not modified for the analysis in this report.

    VACIS did not record deregistration for those individuals who did not receive any AFDC payments for nine months following random assignment. Most of these people were applicants who were registered during their eligibility interviews and subsequently did not have their welfare grants approved: i.e., about 32 percent. MDRC classified these people as deregistered in order to avoid understating program participation.

15. The AFDC payments data submitted by Fairfax County were not as accurate as the VACIS data from the other agencies. (See Appendix B.) Nevertheless, MDRC concluded that they were accurate enough to warrant their inclusion in the analysis.

16. Weighting was used to avoid under-reporting Fairfax enrollees in the process analysis.

17. Since a quality control check of quarterly data on earnings and monthly data on benefits from the UI System found their quality was high, these data were used without modification. (See Appendix B.) Additionally, a check was done to determine the proportion of Fairfax County sample members who were employed in Washington, D.C. Very few individuals were; thus, earnings data came exclusively from Virginia.

    In addition to the UI System, VACIS also supplies job placement data, but it is much less complete. Employment data for VACIS are self-reported; an enrollee in the experimental group who found a job was supposed to inform the Employment Services Worker who would record the change of status and date in VACIS. A comparison of job placement rates included in VACIS and rates calculated from Unemployment Insurance records found that VACIS included only half the employment recorded in the UI system. Therefore, VACIS job placement data were not used for the impact and benefit-cost analyses, and are only reported as performance indicators in Chapter 3.

## CHAPTER 3

1. The ESP model did not require local agencies to directly provide education and training services. In fact, agencies were encouraged to use community resources.

2. See Chapter 2 for a description of the registration process. It is important to note that registration was carried out by intake or continuing-eligibility workers who did not make assessments for possible assignment to ESP services. For assessment, registrants were referred to ESP Workers, who scheduled them for interviews.

3. Only Newport News gave ESP enrollees a series of vocational tests as part of the assessment interview. The test results did not generally prove to be very useful in either guiding enrollees or helping workers assign them to ESP services.

4. Data collected for the benefit-cost study indicate that participants in workshops in Hampton and Chesapeake participated, on average, for 10 days.

5. Enrollees who were not in compliance with program requirements and were judged not to have good cause for their actions were referred to their eligibility worker for sanctioning -- i.e., a reduction of the grant over three successive months. In a single-parent AFDC case, only the adult's portion of the grant was not paid during the sanctioning period. During the three months after the referral for sanctioning, the ESP case was closed and the enrollee was considered to be deregistered.

6. Data on assignment to components in Fairfax County were collected only for the first assignment to each activity. Therefore, the proportion of experimentals reassigned to job search does not include experimentals in Fairfax whose additional assignments to job search were never recorded. Ongoing participation in this activity may thus be understated.

7. During the period under study, Newport News provided the majority of its group job search services through a three-day orientation which preceded a month-long individual search. The three-day orientation has since been replaced by a four-week workshop to which enrollees needing more intensive preparation and support are assigned. This new activity also differs from the workshop described in the interim report in that telephones are now available for calling employers and participation is required.

8. It is noteworthy that staff in two of the agencies (Hampton and Fairfax) indicated that subsequent to the close of the evaluation period, their agencies had begun to develop ways of strengthening individual job search without losing the flexibility that it offered to enrollees and staff. Before enrollees undertake an individual search, the agencies now provide a small group orientation lasting three days. Hampton asks participants to come back for a group session at the midpoint of their individual search to share their experiences and receive feedback and further guidance from staff.

9. Chesapeake operated a GED preparation class available to all DSS clients. Classes were scheduled in six-week cycles and could accommodate 15 participants.

## CHAPTER 4

1. Out of the full sample of 3,184 individuals, two controls did not have Social Security numbers and were therefore excluded from the impact analysis.

2. If it could be presumed that nonparticipating experimentals are identical to participants and to controls in measured and unmeasured characteristics affecting outcomes, then it would be appropriate to exclude nonparticipants from the analysis. However,

no such presumption is warranted. Those who do not participate in an employment program may differ systematically from those who do participate and from controls. For example, nonparticipants may be less motivated to work or less educated. On the other hand, nonparticipants in an employment program may be those who can find work on their own without any help from the program. In any case, if nonparticipants and participants differ systematically, then participants and controls differ systematically, and comparisons which exclude nonparticipants would be tainted with selection bias.

For this reason, no distinction was made between nonparticipating and participating experimentals in calculating any of the impacts reported in this chapter.

3. As part of this study, ESP staff identified the schools and community colleges that were most likely to be attended (18 in all) by ESP enrollees. These institutions were later given a list of experimentals and controls and asked whether or not they had provided education and training services to any of those people during the study period. This type of information was collected for a stratified random subsample of 360 experimentals and controls.

   For rates of participation in JTPA, a list of 1,500 randomly selected experimentals and controls was submitted to the Governor's Employment and Training Division, which used statewide JTPA information system data to identify which persons on the list had been served by JTPA agencies during the study period.

4. The proportion of control applicants who received welfare can be found in Table 4.3, while that of control recipients is seen in Table 4.5. The fact that not all recipients were on the rolls could stem from several reasons, among them: errors or lags in reporting welfare payments or keypunch errors while inputting payments records into VACIS.

5. Appendix Tables F.2 through F.4 show that for the full sample as well as for the applicant subgroup, the differences in impacts between the two experimental groups were, in fact, not statistically significant. The one exception was that for the recipients, welfare savings were statistically significant and greater for the All ESP Services group than for the Job Search/Work Experience group. In contrast, the employment impacts of the two sequences did not differ for recipients or for applicants to a statistically significant degree. Thus, because the two groups had similar experiences, both in terms of service receipt and program outcomes, the findings in this chapter are based on data from the combined experimental groups compared to data for the entire control group.

6. For example, for those who entered the sample earliest, in August

1983, the first quarter for AFDC outcomes is the period from August through October 1983. However, the first quarter for employment outcomes for that same group is the period from July through September 1983. For those who entered the sample last, in September 1984, the first quarter for AFDC outcomes is the period from September through November 1984, while the first quarter for employment outcomes is the period from July through September 1984.

7. In the technical literature, the method used to calculate each impact and average outcome reported in this chapter is known as completely randomized analysis of covariance. See, for example, Edwards, 1985.

8. That is, if the effect of the program on its target population really were zero, a difference as large as that observed in the case of this sample would occur by chance less than 10 percent of the time. Thus, a statistically significant sample impact leads to the inference that a program has an effect on its target population.

9. Since this study is focused on experimental-control differences, no tests of statistical significance, were performed on differences in program outcomes among specific subgroups within the experimental or control research groups. Specifically, no direct comparisons of average program outcomes were made between urban and rural experimentals, urban and rural controls, and so on.

10. Regressions for these subgroup analyses were run on the full sample using interaction terms, including treatment status and characteristics of the particular subgroup being studied. A two-way analysis of covariance was used to calculate the impacts. Treatment status was always the first factor, and each subgroup characteristic, in turn, was used as the second factor, and interacted with the first, or treatment, status. Thus, treatment status interacted with one subgroup dimension at a time, rather than with all dimensions simultaneously.

## CHAPTER 5

1. Two of these evaluations are especially relevant because they assess programs that served AFDC recipients. See the evaluation of the National Supported Work Demonstration by Kemper et al., 1981, and the evaluation of the Employment Opportunity Pilot Project by Long et al., 1983. Many of the techniques developed in these studies were used in the benefit-cost analysis of ESP and of other state programs in MDRC's Demonstration of State Work/Welfare Initiatives. For additional information on the use of these procedures in MDRC's evaluation of a job search and work experience program in California see Long and Knox, 1985.

2. Data collection ended in June 1985 for earnings and program tracking data, in August 1985 for Unemployment Insurance payments, and in September 1985 for AFDC payments. Data on participation-related costs and on the use of education and training programs operated by community agencies and schools were collected through November 1985. ESP operating costs cover calendar year 1984. See Table 2.6 for the length of follow-up for AFDC payments, program tracking data, and UI earnings and benefits.

3. Using microsimulation techniques, Smeeding estimated the value of fringe benefits as 17.9 percent of wages and salaries for workers earning less than $10,000 in 1979. See Smeeding, 1981.

4. The amount of follow-up available after the common period ranges from four quarters for sample members randomly assigned in August and September 1983 to none for those randomly assigned in July through September 1984.

5. Recipients paid a slightly higher amount of federal taxes than did applicants, despite the fact that their earnings gains were lower. This reflects the fact that applicants, on average, received a larger Earned Income Tax Credit than recipients, which offset a greater portion of the federal taxes they owed.

6. See Kemper and Long, 1981, and Long and Knox, 1985 for information about the technical aspects of estimating the value of in-program output.

7. See Chapters 2 and 3 and Appendix E for information on the worksite survey.

8. Basing the value of output on the wages and fringe benefits of alternative workers assumes that the compensation employers pay does in fact represent the employees' contributions to output.

9. The true social value of that output is probably somewhat less than the value estimated on the basis of the cost of alternative labor. See Kemper and Long, 1981.

10. Food Stamp regulations also allow a deduction for out-of-pocket work-related expenses such as child care. However, since accurate data on these expenses were not available for this study, the estimated program effects on Food Stamps may be somewhat underestimated. Data on the average value of Food Stamps for AFDC recipients were obtained from the Division of Benefit Programs in DSS.

11. Until October 1984, the limit was four months. Subsequent regulations required states to provide nine months of Medicaid to former AFDC recipients who lost their AFDC eligibility due to the termination of the earnings disregard. However, for the

benefit-cost evaluation of ESP, the estimated program effects on Medicaid were based on the four-month limit. The analysis could not accurately determine the proportion of experimentals and controls who lost their AFDC eligibility due to the termination of the earnings disregard.

12. Data on the average value of Medicaid payments for AFDC recipients were obtained from the Virginia Department of Medical Assistance Services, Fiscal Agent Report for Fiscal Year 1984.

13. As shown in Chapter 4, the short-term impacts on AFDC payments were statistically significant for the full sample and for recipients, but not for applicants. However, over the longer follow-up period for the early enrollees, the impacts for recipients were not sustained, while, for applicants, they became statistically significant in the final quarter of follow-up. See Tables 4.2 through 4.6.

14. This approach to estimating AFDC and Medicaid administrative cost savings differs from the approach used in several previous evaluations of state programs in the Demonstration of State Work/Welfare Initiatives. In those evaluations, administrative costs were estimated as a proportion of the value of the transfer payments. However, since administrative costs are more likely to vary with the length of time that a case remains open than with the benefit level, the approach in this evaluation of ESP is probably more accurate. Data on state and local administrative costs for Medicaid were obtained from the Virginia Department of Medical Assistance Services, Fiscal Agent Report for Fiscal Year 1984; comparable data for AFDC were obtained from the Division of Benefit Programs in DSS. Federal administrative cost data for Medicaid and AFDC were obtained from the Appendix to the Budget for Fiscal Year 1984.

15. For Food Stamps and UI, data were not available to permit estimation of administrative costs in relation to the average length of time spent on the caseload. State and local Food Stamps administrative cost data were obtained from the Division of Benefit Programs in DSS, and federal data were obtained from the Appendix to the Budget for Fiscal Year 1984. Administrative cost data for Unemployment Insurance were obtained from the Virginia Employment Commission.

16. Research reported in Bane and Ellwood, 1983 found that a national sample of AFDC recipients remained continuously on welfare for an average of 4.7 years.

17. Although, as reported in Chapter 4, the program's estimated impacts on earnings and AFDC payments during this base period were generally not statistically significant, the relatively stable pattern of earnings gains and reduced welfare payments during the

entire observation period suggests that the base period effects are not simply due to chance.

18. For example, see the evaluation of the National Supported Work Demonstration (Masters and Maynard, 1981) and the evaluation of a WIN job search program in Louisville, Kentucky (Wolfhagen, 1983).

19. See Ketron, Inc., 1980.

20. A generally accepted range of discount rates is from 3 to 10 percent. (See Kemper et al., 1981.) Because the time period for this study is only five years, the results of the analysis would not be substantially affected by choice of a higher or lower discount rate.

21. The period from January through December 1984 was selected as the period on which to base the estimates of average program costs in order to exclude start-up costs (which are not typical of on-going operating costs) in estimating the average costs of program services. Moreover, this period covers the time during which a major share of the active participants in the research sample took part in program activities.

22. Staff were asked to estimate the proportion of their 1985 work time that was spent on each major program component. Although it would have been preferable to obtain these estimates for 1984 in order to correspond to the period used for fiscal data, the allocation of staff time is likely to have been quite similar in both years, since changes in program operations between 1984 and 1985 were not substantial.

23. Unit costs for assessment, individual job search, group job search, ESP education and training, and work experience in two counties where this component was subcontracted (Newport News and Hampton) were each estimated as a fixed cost, that is, as a cost per person entering a program status. (For example, the average unit cost of assessment was determined by dividing the total expenditures for assessment by the number of persons ever assessed.) The unit cost of reassessment was estimated as a variable cost, which differs for individuals depending on the number of times they were reassessed. Similarly, the unit cost for work experience in agencies other than Hampton and Newport News was estimated as a variable cost, which differed for individuals according to their length of stay in work experience. Data on the number of hours spent in work experience were obtained from ESP case records for a stratified random subsample of 111 experimentals assigned to work experience. In some cases (e.g., for individual job search) a variable cost approach may have been more appropriate than a fixed cost approach but was not feasible due to data limitations.

24. These regression-adjusted estimates were almost identical to the

non-regression-adjusted differences in participation rates between experimentals and controls.

25. Thus, the analysis makes an assumption about the similarity of a certain subgroup of both the later enrollees (who entered ESP from April through September 1984) and the earlier enrollees (who entered from August 1983 through March 1984): that those still enrolled in the program in the ninth month after random assignment in both groups have a similar probability of entering an ESP component for the first time in subsequent months.

26. Records of purchase of service payments for both Title XX and ESP expenditures were examined for a stratified random subsample of 1,758 experimentals and controls.

27. Because data on these activities were available through November 1985, and because the overall participation rates were low, participation rates for these activities were not extrapolated. For further information on this special study, see footnote 3 of Chapter 4.

28. Public school cost data were obtained from the Vocational Research and Adult Services division of the Virginia Department of Education. The Virginia Community College System Office provided data on community college costs. JTPA cost data were obtained from the Governor's Employment and Training Division of the Commonwealth of Virginia. Although the participation data available from JTPA identified specific categories of activities, fiscal data for the same categories were not available. Therefore, it was only possible to compute an average unit cost per JTPA activity, rather than separate unit costs for each category of activity.

29. However, because the experimental-control difference in the overall rate of participation in education and training activities was small, inaccuracies in the estimates of unit costs would not have a substantial effect on the overall results of the benefit-cost analysis.

30. Several prior MDRC evaluations of state programs in the Demonstration of State Work/Welfare Initiatives focused more on the taxpayer and societal perspectives than the budgetary perspective. Since the budgetary perspective has attracted considerable attention from policymakers recently, this benefit-cost analysis of ESP emphasizes this perspective more.

31. The term "taxpayers" as used here refers to everyone in society except members of the welfare sample included in this study. However, it is important to note that some experimentals are taxpayers. As discussed in this chapter, one effect of ESP was to increase the amount of taxes they paid.

32. This analysis assumes that the earnings of taxpayers are not reduced to the same extent that earnings increase for experimentals -- a possibility if some taxpayers are displaced from their jobs due to increased employment of experimentals.

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